

Country Partnership Strategy Guidelines

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Asian Development Bank

ABBREVIATIONS

ADB	Asian Development Bank
BTOR	back-to-office report
CAPE	country assistance program evaluation
COSO	central operations services office
CPRM	country portfolio review mission
CPS	country partnership strategy
DMC	developing member country
ERD	economics and research department
IEI	innovation and efficiency initiative
ETSW	economic, thematic and sector work
MDG	millennium development goal
MOU	memorandum of understanding
MRM	management review meeting
OCO	office of cofinancing operations
OED	operations evaluation department
OGC	office of general counsel
OSEC	office of the secretary
PAU	project administration unit
PCP	public communications policy
PSOD	private sector operations department
RCS	regional cooperation strategy
RSDD	regional and sustainable development department
SAPE	sector assistance program evaluation
SMART	specific, measurable, achievable, relevant, and time-bound
SPD	strategy and policy department
WPBF	work program and budget framework

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I. INTRODUCTION

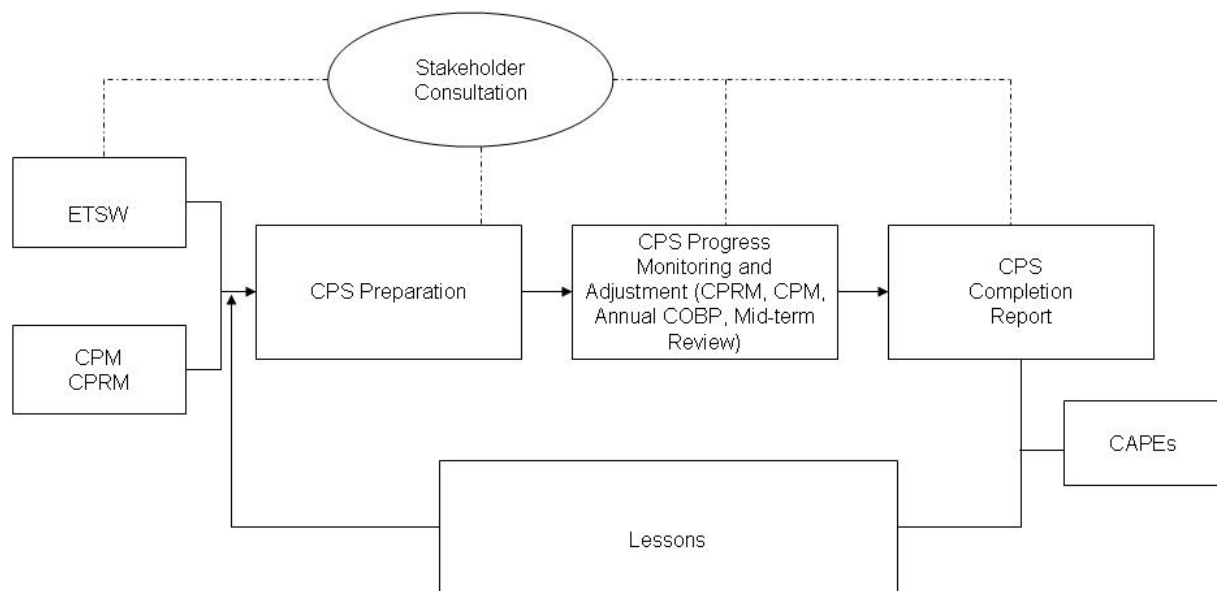
A. Purpose

1. These guidelines deal with the results-based management approach and detailed processes, which are involved in the preparation, implementation, monitoring and evaluation of the country partnership strategy (CPS). These guidelines supplement the document on Further Enhancing Country Strategy and Program and Business Processes which was approved by the President on 4 August 2006, and Operations Manual section A2 on CPS.

B. CPS Cycle and Key Documents

2. The CPS cycle is comprised of CPS preparation, CPS progress monitoring, CPS completion report, and feedback process. Figure 1 summarizes the CPS cycle. Revised matrices on business process for CPS, CPS Mid-Term Review, and annual Country Operations Business Plan are attached as **appendix 1**, which supersedes the business process on country strategy and program and country strategy program update issued on 1 January 2002.

Figure 1: CPS Cycle



CAPE = country assistance program evaluation
COBP= Country Operations Business Plan
CPM = country programming mission
CPRM = country portfolio review mission
ETSW = economic, thematic, and sector work

3. The CPS is the primary planning instrument guiding Asian Development Bank's (ADB) operations in a developing member country (DMC) as well as the monitoring and evaluation tool to track performance over the CPS period. The CPS identifies the agreed priority areas where ADB can provide support in a most responsive, relevant, and result-oriented manner in achieving the country's development strategy and poverty reduction goals, in consultation with the government, development partners, and other stakeholders. It explains the country specific

development context, the rationale for selection of ADB activities, links to other development partners, and implementation and monitoring process. The CPS is prepared as a concept document consisting of a country strategy (including results framework) and an attached country operations program that specifies indicative interventions. The country operations program is to be annually formulated as an indicative 3-year rolling country operations business plan that is consistent with the strategy. Indicative formats¹ of CPS, CPS review, and annual Country Operations Business Plan are attached as **appendix 2** for reference.

4. CPS implementation will be monitored through annual country portfolio reviews and CPS mid-term review (for details, see Section IV). The CPS Mid-term Review Report will focus on the continued rationale and validity of the strategy, progress toward achieving CPS outcomes, consistency of sector and/or thematic road maps with the strategy and, if required, provide for a mid-course adjustment. Annual progress of CPS implementation will be monitored through country portfolio review missions (CPRMs) and main findings and any required adjustments in timing or content will be addressed in the annual country programming mission and reflected in the country operations business plan, as appropriate.

5. Evaluation is an integral part of the CPS process. It has two dimensions: self evaluation by the country team and independent evaluation by Operations Evaluation Department (OED) (see Section V). As a tool for learning and self-evaluation of country operation performance, the draft CPS completion report is prepared at the final stage of the CPS cycle and before the initiating process² of the next CPS by the country team. Its objectives are to assess the effectiveness of the previous CPS in bringing about the expected CPS outcomes and to draw key lessons for the next CPS. The CPS completion report in a matrix form will be attached to the next CPS (see an indicative format in the **appendix 3**).

6. OED will conduct comprehensive Country Assistance Program Evaluation (CAPE), subject to its work plan, to independently assess performance of previous and ongoing CPSs and provide lessons and recommendations before the initiating process of the next CPS in order to improve future performance. CAPEs are used by ADB's Board of Directors to verify that ADB assistance is in line with ADB's policies and strategies, and to determine whether the expected development results were achieved. For operations staff, CAPEs provide lessons that can be useful in shaping future CPSs. In DMCs, stakeholders benefit from the lessons identified in CAPEs to enhance the development effectiveness of external assistance.³

7. The CPS process will fully involve both government and non-government stakeholders to ensure broad commitment to, and ownership of, the CPSs. The participatory approach will help formulate a better and relevant strategy through discussions on various views and also encourage greater participation and commitment of stakeholders in the implementation process. In support of this participatory approach, ADB's public communications policy (PCP) calls for disclosure of CPS-related documents.⁴ The specific PCP requirements have been integrated into these guidelines. It is important to inform the government of ADB's public disclosure obligations at the beginning of CPS preparation.

¹ For details, see the *Further Enhancing Country Strategy and Program and Business Processes*. ADB. 4 August 2006.

² The CPS process is normally initiated when (i) the time horizon for an existing CPS is due to expire within the following 12 months; or (ii) the Government initiates a new development planning cycle; or (iii) sufficient change has occurred in the economic conditions of the DMC or in the policies of ADB to warrant a revision of the CPS.

³ For details, refer to *Guidelines for the Preparation of Country Assistance Program Evaluation Reports*. OED. ADB. February 2006

⁴ *Public Communications Policy: Disclosure and Exchange of Information*. Manila. ADB. 2005 : paragraphs 60-65.

C. Frequency

8. The CPS period will align with the country's planning cycle. The CPS cycle is usually for a 5-year period and the attached indicative rolling business plan normally covers a 3-year period on annually rolling basis. The CPS mid-term review is normally conducted on the third year of the usual CPS's 5-year cycle and the report includes an attached indicative rolling business plan for the next 3 years. The mid-term review does not preclude changing a country strategy at any time if the situation substantially changes in a relevant country.

9. Flexibility will be applied to the frequency and duration of CPS and CPS mid-term review to take into account country specific circumstance. In case when the country planning cycle is not for a 5-year period, the CPS duration may be adjusted accordingly. When CPS is prepared for a period of 3-4 years, the full-scale mid-term review may not be practical unless specific events trigger the need. Where the country situation is subject to considerable uncertainty, an interim CPS may be prepared and an indicative rolling country operations business plan may cover a shorter time horizon.

D. Responsibility

10. The country team takes the primary responsibility of the CPS preparation and implementation with guidance from the regional management team. A country team will be led and managed by the country team leader and will have as members a representative from each sector division, concerned resident mission, and other support departments, as appropriate. The Senior/Principal Programs Specialist/Economist for the DMC will generally be appointed as the country team leader who will report to Country Director or Director, Operations Coordination Division (if CPS preparation is not delegated). In certain cases, Regional Director General may assign Country Director as the country team leader depending on regional and country specific situation. The regional management team may establish appropriate quality assurance systems, including peer review groups (see para 14). Regional vice-presidents provide strategic guidance and oversight of the CPS process. Strong commitment of the regional management team and the concerned Vice President is critical to ensure that sufficient resources are provided to country team and adequate staff time would be budgeted for participation of country team members. In particular, early and continuous involvement of the regional management team in the CPS process is important.

11. Leadership of country directors and technical and managerial capacity of country team leaders are crucial to effectively manage the whole CPS process. This includes instilling a shared team vision, actively encouraging innovativeness and openness, adopting a results-based management approach, striking a pragmatic balance between best practices and the specific situation of the particular country, and offering clear consolidated views on country constraints and potential. The regional management team should pay attention to the need for building internal capacity for qualified country team leaders. All new CPS team leaders should attend a learning program in results based country programming before initiating the preparation process.

12. The success of the CPS process depends on how effectively country teams are mobilized and managed. The country team leaders should develop a proposed list of country team members, including specific terms of reference, explicit time tables, and required budget,⁵ in consideration of expertise and availability, and submit it for endorsement of the regional

⁵ Includes mission travel budget for country team.

management team. The country team members generally include representatives from sector divisions of the regional department, members from resident mission, thematic specialists⁶ and support departments⁷, as appropriate. Since CPS work has been delegated to resident mission in many cases, necessary resources should be provided to resident missions to effectively assume their roles and responsibilities. In such case, anchor person at headquarters may be assigned, with clear terms of reference, to liaise with the resident mission and sector and thematic staff in headquarters.

13. Country team meetings and other interactions among country team members should develop a shared understanding on challenges, constraints, and priorities. Such meetings and interactions will be structured and sequenced according to the CPS preparation process. Once CPS objectives and sector/thematic priority are clearly determined, the team's composition may be streamlined or re-aligned accordingly. The contribution of each member, based on clear terms of reference including specific deliverables, to the CPS process needs to be reflected in each individual's work program and performance and development program process. It is also important that the number of country team members should be limited to a manageable level and that team members should not be frequently changed. If necessary, a core country team will be established to ensure full participation of critical members and efficiently manage the participatory process. Resident missions and country teams will apply information and telecommunication tools currently being deployed by ADB to facilitate dialogue and consultations with teams and stakeholders.

14. The regional management team may establish a peer review group for the concerned CPS to seek quality support and consistent interdepartmental review. If so, the country team leader will identify a small number of peer reviewers from outside the concerned regional departments, who can share country experience, knowledge on ADB policies, good practice of CPS process, sectoral or thematic expertise which are likely to be crucial for the CPS, and then seek clearance for the composition of the team from the supervisor of the proposed reviewers and the regional management team. The peer reviewers will provide formal and informal comments on draft documents at key stages of the CPS preparation, including the initiating meeting, and Management Review Meeting. Peer review can be considered as an alternative way of interdepartmental review process and peer reviewers' contribution will be appropriately reflected in their work program and performance and development program process. The peer review approach is optional and will be piloted in selected countries. Details will be further developed as experience will be gained.

E. Integration of private sector development in CPSs⁸

15. In line with the recommendations of the Final Report of Private Sector Development Task Force,⁹ CPS will serve as an integrated business platform for public sector operations and private sector development initiatives that focus on improving private sector environment, public-private partnerships and other financial partnerships. To ensure this, (i) ADB's assistance

⁶ Thematic specialists generally include poverty, governance, gender and social development, private sector, environment, regional cooperation, and capacity development, subject to country specific circumstances.

⁷ Support departments include Central Operations Services Office (COSO), Economics and Research Department (ERD), Office of Cofinancing Operations (OCO), Office of the General Counsel (OGC), Private Sector Operations Department (PSOD), Regional and Sustainable Development Department (RSDD), Strategy and Policy Department (SPD), and the IEI team.

⁸ For details, refer to Paras 44 and 45 of *Further Enhancing Country Strategy and Program Business Process*, ADB. August 2006

⁹ *Private Sector Development: A Revised Strategic Framework*. ADB. February 2006

for private sector development in a DMC should be defined in the CPS, (ii) synergies between public and private sector operations should be ensured by incorporating private sector development discussions in sector road maps,¹⁰ (iii) private sector operations should be generally pursued within agreed sector road maps,¹¹ and (iv) business plans cover both sovereign and non-sovereign operations.¹² To facilitate this integration, regional departments and private sector operations department (PSOD) will closely coordinate from early stage of CPS process including private sector assessment,¹³ if any, and a PSOD representative will be included in the country team in all countries where non-sovereign operations are likely. If PSOD operations are unlikely, PSOD will be consulted during CPS preparation and will review key documents.

F. Underlying Principles

16. In preparing the CPS, staff should exercise professional judgement based on the clear understanding that it is the proposed strategy content rather than the format of the CPS that matters. The CPS should be a tailor-made, customized document so that ADB operations can be responsive to government priorities, relevant to the intended DMC outcomes, and results-oriented to contribute to achievement of those outcomes. To ensure this, importance of focus, selectivity, realism, and synergies should be emphasized.¹⁴

17. The CPS process is dynamic and the country specific situation should be duly considered. The common rules on preparation of the CPS, mid-term review, and indicative rolling country operations business plans will apply to small Pacific DMCs, middle-income DMCs with limited ADB engagement, and developing countries joining ADB as new members. However, specific approaches are permissible taking into consideration the unique needs and circumstances of those countries.¹⁵

18. In principle, the CPS process may apply to Regional Cooperation Strategies (RCS).¹⁶ However, certain flexibility will be allowed depending on specific circumstances of different regional programs. Although CPSs and RCS may have different shape and priorities, it is

¹⁰ Private sector development discussions for sector road maps generally start along with private sector assessments or sector diagnostics, if available.

¹¹ Business plans may not explicitly list specific private sector operations since it is difficult to program these in advance. Private sector entities are normally reluctant to publicly reveal their plans on undertaking potential projects in advance due to implication on their competitiveness and changing market environment.

¹² With respect to non-sovereign operations, this will generally entail indicating a potential financing “envelope” by priority sectors separately for non-sovereign public and private sector operations. In certain cases, indicating specific non-sovereign public sector operations, rather than on a broad sector basis, in CPS that is agreed with the DMC’s government may not be appropriate as well, since this might be interpreted by country’s business community as an implicit potential government guarantee obligation. Such cases should be discussed with the DMC’s government to reach an appropriate decision.

¹³ For some middle-income DMCs where private sector operations department is handling most of the on-the-ground work, PSOD representative may participate as a country team member and provide necessary inputs for concerned sector work, if appropriate.

¹⁴ For details, refer to Para 14 of *Further Enhancing Country Strategy and Program and Business Processes*. ADB. August 2006

¹⁵ For details, see paras 35-37 (application to small Pacific DMCs), paras 38-42 (application to middle-income DMCs with limited ADB engagement), and para 43 (application to developing countries joining ADB as new members) of *Further Enhancing Country Strategy and Program and Business Processes*. ADB. 4 August 2006.

¹⁶ For details, see Memorandum of the President on Upstream Involvement of OREI in Regional Cooperation and Integration Initiatives, 16 August 2006

expected that certain thematic and sector interventions proposed under CPS may be supportive or complementary to overall regional cooperation priorities as specified in relevant RCS.¹⁷

¹⁷ For details, see paras 10 and 47 of *Further Enhancing Country Strategy and Program and Business Processes*. 4 August 2006. ADB.

II. CPS PREPARATION PROCESS

A. Government's National Development Plans and Diagnostics

19. According to the Paris Declaration,¹⁸ the assistance program of development partners should be aligned on the national development plans and priorities to achieve better development results. Actual alignment in the preparation of the CPS depends on the quality of country's development plans, national poverty reduction strategy, availability of results monitoring framework and the strength of statistics/data. Diagnostic reviews and consultations are important to assess the state of the national development plan, national poverty reduction strategy, the priorities expressed in different sectors, and the capacities to implement and monitor the respective plans and strategies including financing capacities.

20. Where appropriate, ADB will support DMCs in conducting diagnostics and analytical work, including macroeconomic and poverty analyses, thematic and sector diagnostics, and closely collaborate with development partners in upstream engagement for the production of country and sector development plans with adoption of results based management. ADB will place greater effort in undertaking assessments by supporting the country ownership and drawing on existing diagnostic and analytical work and will endeavor to make adequate resources available for these purposes. In the diagnostic and assessment work process, ADB will focus on results orientation from the outset. Figure 2 depicts the CPS preparation process.

B. Pre-CPS Analyses and Assessments

21. Thorough pre-CPS analysis and assessment is the key to preparing the CPS. The country team discusses the adequacy of the stock of diagnostics and assessments undertaken by the government, ADB, other development partners, and civil society organizations and identifies the gaps in the availability of up-to-date assessments. It is recommended to align the pre-CPS assessment process with the Government's own analytical work in order to reduce duplication in the diagnostics, as appropriate. The following assessments are normally required for CPS preparation;

- macroeconomic and poverty analyses;¹⁹
- thematic analytical work such as gender and social development,²⁰ capacity development (including capacity for results management),²¹ environment, private sector, debt sustainability,²² disaster vulnerability,²³ and regional cooperation and integration, if applicable;
- risk assessment and risk management plan including public financial management, procurement, and corruption;²⁴ and
- key sector diagnostics.

The prime responsibilities for economic work, and thematic and sector assessments are normally with resident mission and sector divisions, respectively. Knowledge departments will

¹⁸ Paris Declaration on Aid Effectiveness, Highlevel Forum, Paris. February 28 – March 2, 2005.

¹⁹ On preparing the Country Poverty Assessment, see the Poverty Handbook.

²⁰ On preparing the Gender and Social Analysis, see the Social Development Handbook.

²¹ For assessment of results management capacity, refer to *Capacity for Results Management*. SPRU. ADB. March 2006.

²² Debt sustainability issues are normally covered under macroeconomic analysis, and are taken into consideration during risk assessment as appropriate.

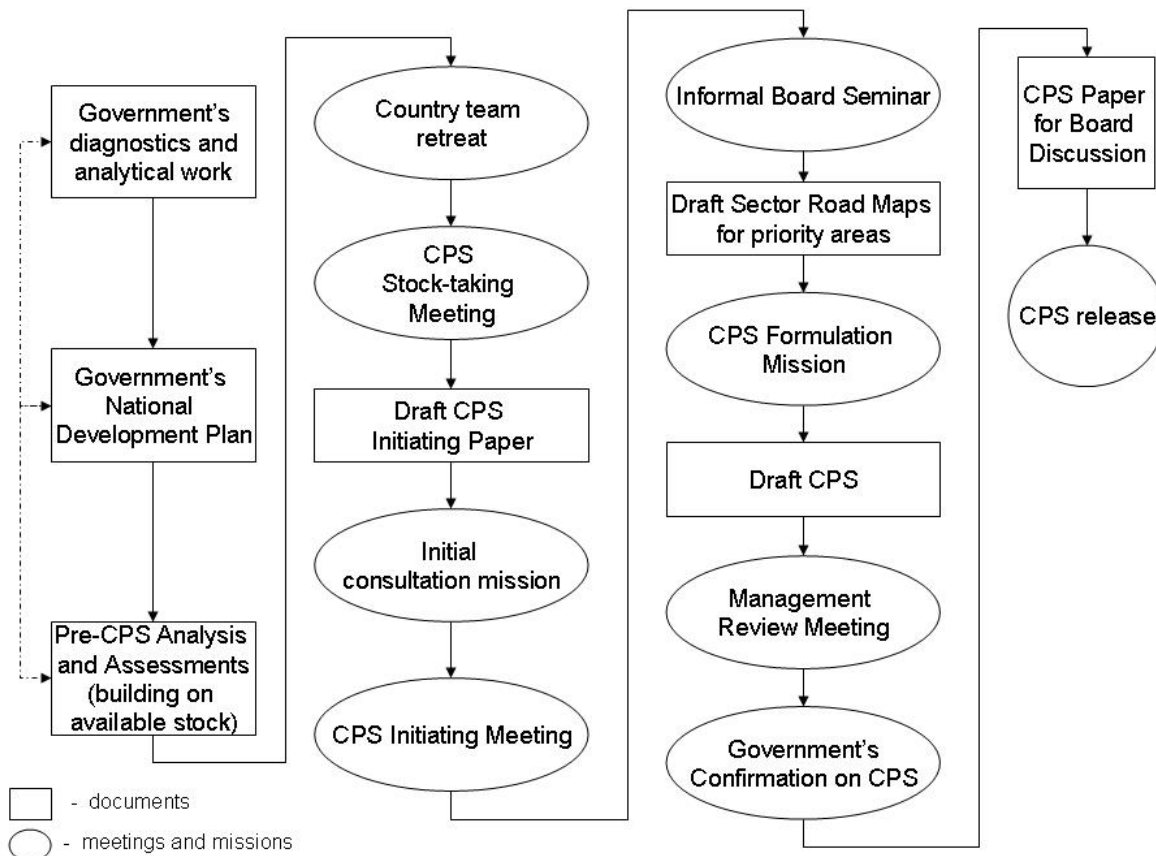
²³ Refer to Disaster and Emergency Assistance Policy. During the CPS process, the country team may review whether the DMC has had recent natural disasters that have set back development, and whether natural disasters need to be considered as a development constraint.

²⁴ Refer to *Second Governance and Anticorruption Action Plan (GACAP II)*. ADB. 2006

support particularly on thematic issues. The Country Director and country team leader will facilitate the process through necessary policy dialogues and consultations with the government in the field. Participation of Sector Directors and their staff will be required at times to ensure consistency and compatibility between the government's and stakeholders' issues and ADB assessments. Findings of these economic, thematic, and sector assessments should be integrated into a consolidated analytical framework so that CPS can provide a coherent view of ADB's assessment of the strengths and weaknesses in the country development.²⁵

22. Depending on the availability of diagnostics and assessments, DMC requests, and expected ADB's value addition, the country team will identify the areas which require its own assessments based on professional judgment and consultation with the government. The preparation of pre-CPS assessments will require adequate time and resources and thus should start sufficient time in advance to ensure that they are done both on time and at high quality. Ideally, the main findings of those assessments should be available before the CPS initiating process.

Figure 2: CPS Preparation Process²⁶



23. For possible priority sectors, in-depth assessments are to be conducted or validated by ADB to examine specific constraints in DMC sector development plans, their causes, and

²⁵ Diagnostics and analyses of economic, thematic and sector work should be an on-going process and knowledge should be accumulated and institutionalized within ADB.

²⁶ The process will involve extensive donor coordination and stakeholder consultations.

opportunities.²⁷ Sector assessments will (i) assess constraints and opportunities, including those in thematic areas, and (ii) identify investment and technical assistance requirements over the medium-term. Specific thematic issues will be integrated into sector diagnostics establishing thematic issues as truly cross-cutting. If certain thematic issues are considered critical in the specific country or sector context, or if establishing priorities in the CPS in terms of themes rather than sectors is more practical (i.e., middle-income DMCs), then in-depth thematic assessment will be conducted. In conducting assessment of priority areas, recent analytical work and data of the government and available assessments of development partners will be used with possible updating, as required. Where feasible, joint assessments with development partners are encouraged. As part of CPS preparation process, ADB will also establish the country cost sharing ceiling and other financing parameters, in line with requirements of the relevant paper approved by the Board.²⁸ In accordance with the PCP, assessments prepared for the CPS must be posted on ADB's website upon completion. If a government's or development partner's assessment is used, a link from ADB's website may be provided to the relevant website.²⁹

24. An essential part of preparing a new CPS is evaluation of the current CPS to derive lessons. Lessons should be more directly geared to sectors and overall country development rather than individual interventions. Main findings from previous CPS assessment will be presented in the CPS completion report. The country team will review OED's recent evaluation findings including country assistance program evaluation (CAPE), and sector assistance program evaluations (SAPEs). The assessment of ADB's past assistance should directly feed into the risk assessment in the CPS as well as discussions on ADB's comparative advantage. In order to ensure that findings of CAPE would be available ahead of initiating CPS preparation, regional departments need to discuss with OED the desirable timing of CAPE well in advance. It is proposed that a CAPE be discussed at the Development Effective Committee of the Board prior to the CPS informal Board seminar (see para 31), if possible. If not possible, the final version of a CAPE should be circulated before a Management Review Meeting (MRM) for CPS (see paras 35-38) will be held. Country team leader will attend CAPE discussion at Development Effectiveness Committee to take note of Board observations and guidance.

C. Country Team Retreat

25. The design and monitoring of the CPS with results orientation will require much more of a cross-sectoral approach to country development issues and substantive inputs from all country team members. The CPS preparation should usually begin with an early country team retreat, organized by the country team leader, preferably in the field. The regional management team and/or selected government officials may participate in discussions. Such a retreat will be used to introduce the basic concept of and procedures for CPS to the country team as a whole; identify key lessons from the implementation of the previous CPS; and develop consolidated view on key country development issues, based on findings of various assessments and diagnostics, and approaches to address them. This country team retreat may be combined with participatory stakeholder consultations. When it is difficult or costly to organize a single retreat, videoconference sessions can be organized to ensure the participation of relevant ADB staff or country representatives.

²⁷ This proposal is not prescriptive. Some countries (particularly smaller countries) and sectors may require fewer assessments.

²⁸ *Cost Sharing and Eligibility of Expenditures for Asian Development Bank Financing: A new Approach*. ADB. Manila. 4 August 2005, and relevant Staff Instructions dated 15 March 2006.

²⁹ See PCP paragraph 60. For procedural details, see the Disclosure Handbook on ADB's intranet portal under "Operations/Disclosure Management".

D. CPS Stock-Taking Meeting

26. Main purpose of the CPS stock-taking meeting is to review a status report of a country team on the new CPS preparation which is prepared based on country team retreat outcomes, discuss key issues, and provide guidance on the CPS preparation. The status report for a stock-taking meeting usually presents in a few (4-5) pages and covers progress of the existing CPS; rationale for preparing a new CPS (only in case the new CPS process is proposed much earlier than the completion of the existing CPS cycle); the status of analytical studies or assessments in the DMC; the preliminary findings of CPS completion report; the progress on the proposed OED evaluation of the current CPS, if available; review of country portfolio management issues; main activities of other development partners and civil society organizations (including joint country operations strategy preparation); summary of main issues discussed at the country team retreat; the proposed process of stakeholder participation in preparing the CPS; the resources needed to prepare the CPS and time-bound milestones; the proposed composition and specific terms of reference of the country team that is to prepare the CPS; and the proposed peer review group to provide quality support for the CPS, if appropriate. The proposal is circulated to the participants of the stock-taking meeting by the concerned country director, preferably 5 and not less than 3 working days before the CPS stock-taking meeting.

27. The CPS stock-taking meeting is chaired by the Regional Director General. Also invited are the regional management team and representatives of support departments and offices, as appropriate, including Central Operations Services Office (COSO), Economics and Research Department (ERD), Office of Cofinancing (OCO), Operations Evaluation Department (OED), Office of the General Counsel (OGC), PSOD, Regional and Sustainable Development Department (RSDD), Strategy and Policy Department (SPD), and the Innovations and Efficiency Initiative (IEI) team. Within 5 working days after the CPS stock-taking meeting, the minutes are prepared by the country team, cleared by the country director, and circulated to all concerned at the meeting.

E. Preparation of CPS Initiating Paper

28. The country team prepares a draft CPS initiating paper based on guidance provided at the stock-taking meeting. The CPS initiating paper will identify (i) DMC policies addressing poverty, (ii) constraints to growth and poverty identified through cause-effect analysis, (iii) key development issues, challenges, and risks, drawn from the pre-CPS analyses and assessments in a coherent manner (iv) strengths and weaknesses of previous CPS, (v) factors for establishing the cost sharing arrangements and other financing parameters,³⁰ (vi) proposed intended CPS outcomes, indicative strategy and foci for interventions, and (vii) donor coordination process. The CPS initiating paper will also update the timetable for the CPS preparation. The main text of the CPS initiating paper will be about 8 pages. The draft CPS completion report and skeleton of CPS results framework will be attached to the draft CPS initiating paper. The draft CPS initiating paper will be circulated by the country director for review by the regional management team, and a peer review group, if any.

29. An initial consultation mission by selected members of the country team may be fielded to discuss a draft CPS initiating paper with DMC stakeholders. It is common to organize a series of consultation meetings and workshops with key stakeholders in the government, development partners, nongovernmental organizations, academy, and the private sector, and – depending on

³⁰ The country teams are also encouraged to do country level assessments with respect to financing eligibility of land and right of way acquisition.

the time available – consultations in local provinces. To facilitate the involvement of sector division members of the country team, the consultations may take place over a period of several weeks and be scheduled to coincide with planned mission travel to the country involving ADB headquarters' sector specialists, where country team leader is based in a resident mission. In order to effectively conduct consultations with stakeholders, it is encouraged to identify key stakeholders to involve in CPS process and then map and cluster key stakeholders as a basis for better structuring consultations. After each consultation, it is recommended to prepare a brief consultation matrix indicating the main stakeholder groups involved, the topic of the consultation, and the main outputs/results. Discussions during the consultation process should be appropriately recorded and reflected in the CPS process.³¹ To assure more active engagement of the private sector in CPS preparation, the country team will clearly present the potentials of the CPS as a business platform for both the public and private sectors and illustrate private sector development, including strengthening of public-private sector partnerships, as a cross-cutting, thematic concern. The PCP requires the draft initiating paper to be disseminated to in-country stakeholders in connection with these consultations.³² The country team leader should discuss with the government this requirement and identify an appropriate way to disseminate the draft.

F. CPS Initiating Meeting

30. The draft CPS initiating paper will be further updated and revised by the country team based on the CPS initial consultation mission or the equivalent consultation with DMC stakeholders. The updated and revised draft CPS initiating paper is circulated by the regional director general to all concerned preferably 5 working days before the CPS initiating meeting. The CPS initiating meeting is chaired by the concerned Vice President to ensure his/her strategic involvement in CPS preparation process. The indicative strategic direction, priority areas, and draft CPS results framework should be discussed. In case of a joint CPS initiative with key development partners, flexibility in CPS documents and reporting formats may be discussed and approved by the Vice President at the meeting, if appropriate. The regional management team and peer review group, if any, will attend the meeting. Representatives of support departments and offices, including COSO, ERD, OCO, OED, OGC, PSOD, RSDD, SPD, and the IEI team may also be invited to attend, as appropriate. Within 5 working days after the CPS initiating meeting, the minutes are prepared by the country team, cleared by the regional director general, and circulated to all concerned. The conclusions of the CPS initiating meeting will form the basis of the CPS formulation mission.

G. Informal Board Seminar

31. An informal Board seminar will be held to discuss draft CPS initiating paper as part of the broader stakeholder consultation process. Feedback and advice provided during the informal seminar is non-binding but should be taken into account during the CPS Formulation Mission. The regional department through Office of the Secretary (OSEC) informs the President through a memo of the date of the informal seminar and the date when the draft initiating paper will be circulated to Board members. The draft initiating paper is attached to the memo to the President. Draft initiating Papers should be circulated to Board members at least 5 working days

³¹ For details, refer to *Strengthening Participation for Development Results: A Staff Guide to Consultation and Participation*. ADB. April 2006.

³² See PCP paragraph 64. For procedural details, refer to the Disclosure Handbook, found on ADB's intranet portal under "Operations/Disclosure Management."

before the date of the informal seminar. The regional director general will chair the informal seminar, including the question and answer session.³³

H. CPS Formulation Mission

32. The CPS formulation mission is responsible for developing the detail of the strategy and consequent operations program, based on the guidance provided by the CPS initiating meeting. The CPS formulation mission examines the issues identified in the CPS initiating paper; consults with DMC stakeholders including the private sector and civil society; agrees with the DMC government on intended CPS outcomes and planned key outputs, the selection of priority sectors and thematic areas, geographical focus (if any), results framework and sector road maps including monitoring indicators, cost sharing arrangements and other financing parameters, and indicative business operations plan for the first 3 years of the CPS; confirms any cofinancing arrangements; and concludes with a memorandum of understanding (MOU)³⁴ with the DMC.

33. The CPS formulation mission also coordinates with other aid agencies and partners to develop a development coordination matrix that identifies focal agencies by sector and thematic areas and places ADB's involvement in context, showing how coordination in practice is established in DMCs and how complementary and/or mutually reinforcing effects between ADB's CPS and those of the other development partners have been established.³⁵ The PCP requires the draft CPS to be disseminated to in-country stakeholders in connection with these consultations.³⁶ The country team leader should inform the government of this policy requirement, allowing them to identify any sensitive issues that may need to be addressed before disclosure of the draft.

34. Within 5 working days after return to the office, the country team leaders will prepare a back-to-office report (BTOR) summarizing its findings and outlining the proposed strategy and consequent operations program. The BTOR will be no more than 3 pages long with attachment of a copy of the signed MOU. The BTOR is circulated by the regional director general to the Vice President concerned for endorsement and copied to the President and his/her advisors, and all those invited to the CPS initiating meeting.

I. Management Review Meeting

35. The country team will produce the draft CPS based on discussions at CPS formulation mission. The country team will also prepare the draft memo to the President establishing the country cost sharing ceiling and other financing parameters, and outlining the basis for setting the parameters at such levels. The draft CPS and draft memo will be circulated to regional management team and peer review group members, if any, and/or³⁷ support departments and offices including COSO, ERD, OCO, OED, OGC, PSOD, RSDD, SPD, and the IEI team, for consideration and comment. The comments should be normally received within a week of

³³ For details, refer to the Revised Guidance Note for Organizing and Conducting Informal Board Seminars on Country Strategies and Programs, Memorandum of SPD, 10 March 2006 (which can be found in the compendium of NBP clarification)

³⁴ An initial draft CPS is usually attached to MOU.

³⁵ Early identification of cofinancier is encouraged. See *Financing Partnership Strategy*. ADB. 2006.

³⁶ See PCP paragraph 64. For procedural details, refer to the Disclosure Handbook, found on ADB's intranet portal under "Operations/Disclosure Management."

³⁷ Regional management team may use a peer review group as an alternative way of interdepartmental review process.

circulation. The country team should consider the relevance of the comments and update the draft and prepare a comments matrix.

36. After interdepartmental review of the draft CPS, guidance is sought from Management at MRM on issues in the CPS that require resolution. The issues paper together with the draft CPS is circulated by the regional director general 5 working days before the MRM. The circulation list includes the concerned Vice President, peer review group members, if any, and/or support department and offices including COSO, ERD, OCO, OED, OGC, PSOD, RSDD, SPD, and the IEI team, as appropriate.

37. The MRM is chaired by the President and attended by the concerned Vice President, regional management team, country team, and peer review group members, if any, and/or representatives of COSO, ERD, OCO, OED, OGC, PSOD, RSDD, and SPD, as appropriate. A representative of BPMSD may be invited to attend the MRM if issues to be discussed are related to internal resources requirements. At MRM, Management provides guidance on issues and endorsement of the CPS focus.

38. The country team prepares the minutes within 5 working days after the MRM. After inter-departmental circulation and incorporation of comments, the regional director submits the minutes for approval by the MRM chairperson.

J. CPS Confirmation with the Government

39. The country team will prepare the final draft CPS and final draft memo on cost sharing and other financing parameters, incorporating any changes proposed at the MRM. The drafts are cleared by the regional director general and are sent by the country director to the government for endorsement of the final draft and for concurrence to the posting of the CPS on ADB's website upon endorsement by ADB's Board of Directors.³⁸ If deemed necessary, a CPS confirmation mission may be fielded by selected members of the country team to discuss with the Government any significant changes arising from ADB's internal review process. The changes will be negotiated with the Government and the agreement recorded in an MOU. The outcome of the mission will be summarized in a BTOR to be submitted with a copy of the MOU to the country director. The BTOR will highlight any concerns the DMC Government expressed and how it has been agreed to address them. The BTOR is copied to regional management team and all concerned participants at the MRM.

K. CPS Endorsement

40. The country team revises the draft CPS and memo on cost sharing and other financing parameters, incorporating comments from the government, or on the basis of any agreements reached during the CPS confirmation mission, if any, and submits them for endorsement by the regional director general. The regional director general then submits for the President approval, through the concerned Vice president, the memo on cost sharing and other financing parameters.³⁹ At the same time, the country team leader arranges to get the final CPS edited by the OSEC editor. The edited CPS is submitted by the regional director general through the concerned Vice President to the President for clearance to circulate to the Board. The country team, in consultation with OSEC, schedules the CPS for Board discussion. The CPS, with the approved Financing Parameters Matrix attached to it, will be circulated to the Board at least 21

³⁸ *Public Communications Policy of the Asian Development Bank*. Manila. ADB. 2005.

³⁹ The Financing Parameters Matrix will be attached to the memo as Table 1.

days before the Board consideration date. CPS should be concise: the main text should be no more than 25 pages and total volume including appendices should be less than 100 pages.

41. Some members of the Board may request a pre-Board discussion. The country team may make direct arrangements for such informal pre-Board discussions. Prior to the Board consideration date, the country team prepares a concise briefing memo to Management, highlighting the key issues raised by the Board members during pre-Board discussions. A briefing for the President will be organized prior to the Board discussion. The CPS will be discussed at the Board in formal session. The Board meeting will be attended by the regional management team, country team, and representatives of other concerned departments and offices. The country team leader, the country director, and the regional director general normally are the primary respondents to questions from Board members on the CPS. After the CPS Board discussion, the country team prepares a Chair's Summary, a short written statement (normally one page) that summarizes the major points of discussion. Within 48 hours after the Board meeting, the country team leader sends a draft of the Chair's Summary through the regional director general to the concerned Vice President for review. Following clearance by the concerned Vice President, the regional director general sends the draft through email to the Secretary with copy to the Deputy Secretary for review. The regional department revises the draft, reflecting comments of OSEC, if any, and then submits the revised draft to the President through the concerned Vice President, requesting the President's approval to circulate it to the Board of Directors.⁴⁰ Once approved, the Chair's Summary will be posted on ADB's website.

L. CPS Release

42. After Board endorsement, the CPS is published and placed on the ADB website as soon as possible but no later than 14 days after the Board Meeting. In countries where English is not widely used, the CPS must be translated into a widely understood language within 90 days of the Board's endorsement of the CPS.⁴¹

43. Considerable consultations with in-country stakeholders and other development partners will be required not only in the preparation of the CPS but also in the process of implementation, monitoring and evaluation. In order to facilitate the CPS implementation, the Country team may arrange an in-country conference or seminar after Board endorsement to disseminate main strategic thrust and discuss the implementation and monitoring mechanism.

M. CPS Retrospective Reviews

44. ADB may undertake biennial retrospective stocktaking of CPSs prepared and approved over a respective review period to examine quality at entry and provide practical lessons to the CPS preparation process. The various retrospective needs of support departments and offices should be well coordinated with and preferably integrated into this biennial retrospective stocktaking, if any, so that retrospective reviews can be conducted in a more relevant, streamlined, and cost-effective manner from a Bank-wide perspective.

⁴⁰ For details, refer to Staff Guidelines on Preparing Chair's Summaries for Meetings of the Board of Directors, 15 July 2006.

⁴¹ For details, refer to the Disclosure Handbook on ADB's intranet portal under "Operations/Disclosure Management."

III. RESULTS BASED MANAGEMENT APPROACH

A. Alignment with the Country's Development Plan

45. The main objective of CPSs is to provide a plan of how ADB's assistance will effectively contribute to the achievement of the country's development and poverty reduction goals as well as country specific Millennium Development Goals (MDG).

46. CPS consultations should be in line with and should complement the consultation process of national poverty reduction strategy or national development plan. If the national development priorities are clearly articulated in the government strategies, then the CPS process will concentrate on analysis of ADB's comparative advantage, government requests, and contributions of other development partners. When the government's development strategies are not sufficiently prioritized, the CPS process should start with a policy dialogue with government on country development goals and necessary trade-offs between various development objectives based on macroeconomic and poverty assessment. If necessary, CPS should address how to strengthen the DMC's planning capacity and how to integrate diagnostic reviews with the country-led development strategy. Consultations with a range of in-country stakeholders will be useful to identify the grass-roots priorities to set development priorities that will be broadly supported by different groups. This process will be more crucial in the case of fragile states or where the government's goals or priorities are not well articulated even after policy dialogue. This consultative process will provide an opportunity to build consensus on the best options to achieve development goals and identify the areas where ADB will contribute.

47. Experience teaches that the DMC should "own" the CPS process. The government should exercise leadership in developing and implementing its national development strategies through broad consultative processes and translate its priorities into its expenditure framework and the planned use of other development resources. Advocates should be identified within government who will champion the process and they should be engaged at an early stage to establish the necessary environment for applying results management to country development.⁴² To achieve increased ownership of CPS would require an enhanced role of Resident Missions and country teams in conducting extensive policy dialogues and consultations in the field through long-term engagement, based on the country and sector knowledge, with various levels of the government, sub-national authorities, and other stakeholders. It is important to promote ownership and alignment sooner rather than later. Achieving mutual understanding and agreement on a medium to long term partnership, based on analysis, consultation and dialogue, is a key outcome of the CPS process. A successful CPS process entails finding the right areas of overlap between the clients' priorities and ADB's strategic objectives, products, expertise and constraints.

B. Harmonization among Development Partners

48. In principle, the national development plans (or national poverty reduction strategy) and priorities should be developed through broad consultative process and provide common ground from which each development agency's assistance will be derived, reflecting its comparative advantage and resource availability. To facilitate this process, staff are encouraged to explore the possibility of joint country analytic work including diagnostic review through upstream engagement in the national planning process. The country team will develop the most effective

⁴² SPRU has been facilitating a "Community of Practice in Managing for Development Results" to share experiences, good practices, and knowledge on results management among DMCs.

ways of coordination and harmonization in a DMC's specific circumstances, in consultation with the government and development partners. The joint process could help scale up the government's capacity development and improve the impact of development interventions in the field. On the other hand, it may require additional resources and staff time. To effectively conduct joint process, it is important to establish very clear principles for cooperation at the outset including common definitions, shared responsibilities for diagnostic work, specific work plans, expected outputs with clear timetables, the identification of responsible persons in each party and their responsibilities, possible coordinated programmatic approaches (e.g. common sector strategy notes), and commitment to coordination beyond CPS preparation through implementation. Holding an initial joint retreat (or perhaps a series of them) with development partners and the government will be useful. Different guidance or requirements of other development partners on the country programming process or changes of counterparts may cause additional burdens and delay the joint process. In this case, coordination between headquarters can help facilitate the joint process.

49. The government may develop, with support of development partners, a Results Framework for the country development plan, based on diagnostic and consultative work. Once a country's framework is developed, then ADB's CPS results framework will be developed based on the umbrella framework, reflecting its priority areas. While aligning with the government's national plan and results framework, their political nature should also be acknowledged in the review process. In some cases, it may require considerable time and resources to reach an agreement on details of joint results framework, priority agenda, or the division of labor on the ground between development partners. Careful management and effective coordination will be required in order to avoid unnecessary burden on development partners as well as the government and significant delays in the process. The government's leadership is important in donor coordination and harmonization. However, in the absence of strong government leadership, donor coordination is even more critical and thus joint upstream assessment and joint policy dialogue become important as far as they will strengthen rather than undermine the government's leadership. At the implementation stage, joint (or coordinated) reporting, monitoring and evaluation are encouraged, as far as possible,⁴³ to avoid constraining the limited capacity of the government.

50. In addition to development partner coordination in demarcating roles in assisting DMC (in terms of sector, subsector or geographical interventions), proper coordination in the same sector where development partners provide complementary or joint (e.g., in the form of sector wide approaches) assistance would be important. In this context, CPSs should provide clear details on the degree of development partner coordination — programs, areas and volume, including issues relating to selectivity and focus of assistance, joint efforts (e.g., program based approaches including sector-wide approaches) and cofinancing opportunities.

C. Selectivity

51. ADB is not in a position to comprehensively address all the country's development issues during the time frame covered by the CPS. The CPS must identify key country development constraints that ADB will address, define expected CPS outcomes, and select the priority areas where ADB assistance will focus during the CPS period, in consultation with the government. The rationale for priority sector selection and the process should be clearly established. Selection of priority sectors should be firmly rooted in the analysis of development

⁴³ In the Paris Declaration, development partners have committed to harmonize their monitoring and reporting requirements.

issues specific to the DMC and be fully supported by the government's commitment to necessary sector reforms. The factors that will be considered when determining priority areas may include the government's priorities, key binding constraints to country development, ADB's strategic considerations,⁴⁴ ADB's value addition, past performance and likelihood that factors contributing to past poor performance will be overcome, ADB's staff and resource constraints, and other development partner's activities. The problem analysis through the development of a problem tree⁴⁵ and a well-crafted SWOT (strength, weakness, opportunities, and threats) analysis will be useful in this process. The CPS should reflect the trade-offs and make clear those initiatives which ADB will pursue and why; and those areas which will not be covered and why.

52. Careful diagnosis of the development constraints at the national and sector level is essential for selectivity and focus. A country's development constraints are the country-specific conditions and factors that restrict the country from accomplishing its development challenges. At an aggregate level, the nature of the constraints can be both sectoral and thematic.⁴⁶

- The macroeconomic assessment in the context of a CPS should answer the following questions: how did the economy perform in recent years and what were the underlying factors driving the performance?; how effective was government macroeconomic management in supporting growth and what are the policy issues for maintaining macroeconomic stability?; and what are the country's growth prospects and binding constraints to growth?.
- The poverty assessment should examine trends in poverty reduction and assess the effectiveness of public policies and how the policies contributed to the poverty reduction; analyze main roots of poverty and major constraints to poverty reduction and MDG achievements; and cover income inequality.
- Thematic assessments should provide background information on cross-cutting development dimensions for risk management, environmental sustainability, gender equality and inclusive social development, private sector development, regional cooperation, and capacity development.
- Sector assessments on priority sectors should provide analyses of recent trends and performance and constraints faced by concerned areas, both in terms of investment, policy, and capacity. These analyses should provide a basis for the recommendations for ADB's priorities and form of interventions in each priority sector.

D. CPS Outcomes

53. The CPS must specify CPS outcomes that could be realized within the time frame of the CPS (usually a 5-year period) and to which ADB could contribute in a substantial way. The CPS outcomes should guide the planning and implementation process through linking between the CPS level, sector and interventions (both lending and non-lending). By working back from these intended CPS outcomes, the CPS, as tracked by the Results Framework, will help to sharpen the selectivity of ADB interventions. The country development goals will be achieved over long-term period collectively through the activities of the government, development partners, private sector, and other stakeholders given the exogenous forces. The CPS outcomes are generally

⁴⁴ Mid-term Strategy II (2006-2008) provides strategic priorities of ADB operations.

⁴⁵ Refer to *Staff Guidelines for Preparing the Design and Monitoring Framework*. COSO. 2006.

⁴⁶ *Economic Analysis Retrospective: Strengthening Quality-at-Entry of ADB Operations*. ERD. ADB. August 2006.

lower than the country level development goals (i.e., poverty reduction by certain percentage) but higher than the project level outputs (i.e., number of road improved).⁴⁷

54. Actually defining CPS outcomes is a challenging task and depends on ADB's relative role within the country and other specific sectors. For instance, if ADB's contribution is relatively small or marginal (as in the case of large DMCs), then ADB will be unlikely to have a significant influence on the country level development goals. In this case, CPS outcomes will be more sector (or sub-sector) and/or thematically specific or geographically focused. Contributions in a catalytic manner or a demonstration manner through new approaches can also be considered, if appropriate. If ADB's role is relatively significant, CPS outcomes may be closer to certain areas of country level medium-term outcomes.

55. Results of interventions are usually realized after a span of some years and thus the CPS outcomes expected during the next CPS period will depend, to a substantial degree, on the existing portfolio and recently completed activities, and planned technical assistance, knowledge products and policy dialogues. In order to define CPS outcomes, the country team will start by reviewing the ongoing portfolio and assessing its expected outputs and outcomes over the CPS period. This process will help to identify gaps in achieving the country's development goals and realistic areas where ADB can contribute. In practice, it will be a challenging task to monitor and abstract relevant outcomes from the existing portfolio if those interventions were not developed in a results-oriented manner. If appropriate, the country team may discuss with the government whether there is any need to restructure the ongoing interventions (particularly non-lending activities) to better align with the country's development priorities and CPS outcomes. In many cases, country priorities will not change often. However, in certain circumstances (i.e., when a new government is formed), new priorities may be discussed and presented. When the government's new development plan and then a new CPS introduce changes of the strategic focus, a country team, together with the government, needs to address how to manage certain ongoing loans, technical assistance, or knowledge products which are not consistent with and not supportive to the new development strategy, and how to effectively respond to newly emerging development needs. Restructuring, a spring cleaning exercise, owned by the government, or supplementary financing may help this process.

56. Once anticipated CPS outcomes are specified, they should be translated into a modest set of measurable outcome indicators for monitoring and continuous feedback. The consistency between outcomes and associated outcome indicators should be maintained, and appropriate tracking indicators (including milestones, key output indicators, and intermediate targets) for each outcome indicators should be identified. These indicators should serve to answer whether ADB and the DMC are on track toward achieving the intended outcomes and to determine whether outcomes are achieved. Upon completion, outcome indicators and targets will generally be the basis for evaluation. For details on indicators, see paras 60-61.

E. CPS Results Framework

57. The Results Framework is the fundamental management tool for the design, management, monitoring, and evaluation of CPSs. It should be used by the government and ADB to assist in managing the whole CPS cycle. It defines the logical links between country level development goals, outcomes influenced by the CPS, and ADB-supported interventions

⁴⁷ For details on the project level outcomes, refer to Enhanced Project Performance Management System (particularly, Design and Monitoring Framework for projects).

and partnerships. The Results Framework should be prepared by raising the following types of questions in a sequenced way:

- i. What are the strategic development goals of the country to which ADB's interventions are expected to contribute?
- ii. What are the key development challenges and issues that need to be addressed by the CPS in order to achieve the selected development goals?
- iii. What are the key development outcomes that will be benefited from ongoing and future ADB's assistance during the CPS period, combined with the efforts of the government, and other development partners and how will we know whether we achieve them?
- iv. What are ongoing and future key actions, processes, policy and institutional changes, and interventions that ADB will support to influence CSP outcomes?
- v. What are the risks that might occur during implementation and reduce the likelihood of results achievement and how will ADB and the government manage them?

58. The Results Framework and its logical backbone should resonate throughout the CPS document. The Results Framework will help to sharpen the country operations program, especially at the CPS design stage. The country team will develop a skeleton Results Framework, addressing issues i, ii, and iii above at the initiating stage. This draft will be further developed based on relevant inputs from priority sector assessments, and through consultation with the government and relevant stakeholders.⁴⁸ It will be developed in tandem with the development of the sector road maps and the indicative operations program, taking into account practical considerations and resource constraints (See below the sector road maps section). In the process, the country team needs to keep in mind the criteria that will be used by OED in evaluating a CPS (see section V A). The Results Framework usually has six components, including country development goals, constraints, CPS outcomes, Outcome indicators, key areas of interventions,⁴⁹ and risks. The specific format for a Results Framework may be different depending on specific country situations. The Indicative formats of Results Framework and sector road map are presented in **appendix 4** for reference.

F. Results Chain and Indicators

59. Results framework and sector road maps (particularly sector results framework) should be prepared based on plausible results chains or necessary causal sequence to achieve intended CPS outcomes beginning with inputs, moving through outputs, and culminating in outcomes. In a results chain, inputs are the financial, human, and material resources used for the country assistance program. These may be divided into bundles of related lending and non-lending services including technical assistance, policy dialogue, and economic, thematic and sector work (ETSW). Outputs are the products (including services) resulting from program loans, projects, and non-lending activities. Typical examples of outputs would be schools, roads, and water supply systems constructed. In addition to physical investment, policy reform and institutional development will also be included. Outcomes are the intended or achieved short-term and medium-term effects of outputs, usually requiring the collective effort of government,

⁴⁸ Actually, intended CPS outcomes and identification of priority sectors will be developed in an interactive way. Discussions on key development challenges to be addressed by ADB and initial CPS outcomes will be carried out based on preliminary thoughts on possible priority sectors, appropriately reflecting the government's initial request for support and ADB's comparative advantage.

⁴⁹ They will cover ADB's public and private sector operations, both lending and non-lending. In addition to newly proposed interventions, the key areas of ongoing interventions which will contribute to the intended CPS outcomes will be included in the Results Framework. Details of interventions will be listed in the sector road maps.

development partners, and stakeholders. These represent benefits to users and changes in development conditions. For example, higher school enrolment ratio, lower transportation cost, and better access to safe water could be possible outcomes of assistance in education, road, and water supply sectors, respectively. Impact refers to positive and negative long-term effects on identifiable population groups produced by various interventions. These effects can be economic, socio-cultural, institutional, environmental, technological, or of other types.⁵⁰ In addition to lending interventions, non-lending activities including advocacy, capacity development, knowledge management, and best practice advice may play important roles in delivering results (outputs, outcomes, and impact), particularly for the governance and institutional development objectives.

60. Indicators are the quantitative or qualitative variables that provide a simple and reliable means to monitor progress, and assess achievements. In principle, good outcome indicators should be SMART.⁵¹

- Specific – clearly and directly related to the intended outcomes
- Measurable – specifying quantity and quality
- Achievable – realistic in what is to be achieved in a practical and cost effective manner
- Relevant – useful for management information purpose
- Time-bound – specifying the time frame

61. Actual indicator selection depends on country specific situations and data collection capacity. Indicators are developed through both top-down (e.g. generic sector and thematic indicators) and bottom-up (customization of generic to fit specific country needs and requirements) approaches and processes. When data for direct indicators are not available on a regular basis, proxy indicators⁵² may be used to provide approximate “evidence” on progress. The country team should focus on small number of key indicators (i.e., 10-15 or maximum 20) which are crucial for decision-making given the specific country context.⁵³ For each of the indicators, the means of verification should be clearly identified, preferably, within the national statistical and monitoring systems. Baseline values need to be established, and the targeted value at the end of the CPS period and the interim targets should be determined. The country team may refer to several international indicators including MDG indicators, national poverty reduction strategy indicators, ADB Poverty Reduction Strategy indicators, Paris Declaration indicators, UNDP Human Development Index, and International Development Association 14 Indicators. In some countries, there may be indicators generated by universities, think tanks, and non-governmental organizations that could be helpful in establishing baseline values and subsequently monitoring results. If indicators on the baseline situation are not available, they should be replaced with other available ones. It is expected that baseline information will be available latest by the first year of the CPS period.

⁵⁰ Refer to Organization for Economic Co-operation and Development –Development Assistance Committee's (OECD-DAC) Glossary of Key Terms in Evaluation and Results Based Management, 2002

⁵¹ Alternatively, CREAM is also used a set of criteria for good performance indicators: Clear (precise and unambiguous), Relevant (appropriate to the subject at hand), Economic (available at a reasonable cost), Adequate (provide a sufficient basis to assess performance), and Monitorable (amenable to independent validation).

⁵² Proxy or indirect indicators may be used where direct measurement is not feasible or cost effective. Examples are size of assets or holdings, type of house, or consumption expenditures as proxy indicators for levels of income, and weight in relation to height as a measure of the health status of children. A more abstract indicator is the assessment of the practice of strategic management in an organization “measured” by the proxy indicators of the presence of a strategic plan and periodic reporting of achievements against the preset targets of the plan. Beneficiary assessments, and focus group interviews are also useful ways of collecting qualitative information.

⁵³ For small countries, country team may focus on 4 or 5, maximum 10 key indicators.

G. CPS Sector Road Maps

62. The government typically has some overall sector strategies and road maps to support its national development plan. Ideally, ADB should be actively involved in assisting the government to develop and/or refine its overall sector strategy and road map, especially if ADB is a substantial player in the sector. ADB's sector road map, as a subset of the government sector road map, focuses on ADB's operational plan and is the management tool in the priority sector in a DMC to support the government's sector strategy. Main objective of CPS sector road maps is to strategically identify the key areas in the concerned priority sector where ADB can provide most valuable support to the achievement of the country's sector goals and CPS outcomes, which in turn contribute to national development goals. Thus, sector road maps must be based on detailed and systematic analyses of a sector; identification of key binding constraints to performance and development opportunities in the sector; identification of interventions for policy reform, institutional development and investment initiatives that will enable releasing these binding constraints and addressing opportunities; and harmonized approach based on enhanced donor coordination. Thematic and cross-cutting issues are often best tackled through sector specific interventions and thus should feed into sector road maps, as appropriate. In certain cases, the country team may develop thematic road maps for priority or crucial thematic issues in the country specific context.

63. Sector road maps for CPS should address the key development constraints identified in the sector assessments and CPS preparation process, and should identify sector outcomes which will contribute to the achievement of CPS outcomes. Sector outcomes and indicators in the sector road map should be consistent and interlocked with the CPS Results Framework. Once country team and the government generally agree on the intended CPS outcomes and possible priority sectors of ADB operations over the CPS period, concerned sector specialists develop sector road maps for priority sectors based on the government's sector strategy, sector assessments as well as the skeleton of Results Framework, in consultation with stakeholders including the concerned government authority, development partners, private sector, and civil society. In practice, sector road maps will be developed in an iterative process with the Results Framework. In sectors involving large private sector operations, regional department and PSOD will work closely in developing sector road maps.

64. A CPS sector road map usually contains a summary sector assessment (see section II B)⁵⁴ and sectoral results framework (including sectoral outcomes, key outputs, and monitoring mechanism). While an indicative format is attached as **appendix 4**, the specific format of the sector road map will be adjusted to appropriately reflect the country and sector specific context, particularly in terms of ADB's relative role within the country and specific sectors. In certain circumstances, for instance, if ADB will be involved in only few sectors in a DMC, sectoral results frameworks may be integrated into the CPS Results Framework.

65. During implementation, sectoral results framework of the sector road map, will be used to monitor the sector level progress. Information consolidated from various interventions within the concerned sector through the Project Performance Management System and project review missions will be a useful source for monitoring the sector level progress. If required, sectoral results framework may be updated in tandem with the mid-term adjustment of Results Framework. To facilitate the monitoring process, sector road maps need to include a brief

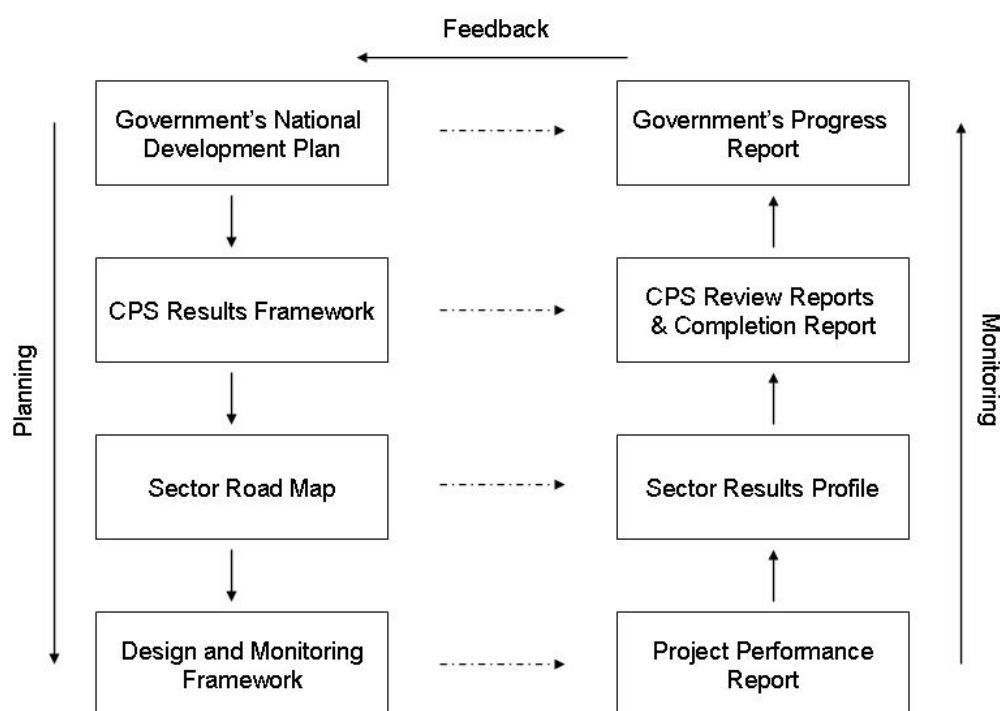
⁵⁴ It is recommended to include brief summary only and then indicate the source of sector assessment, if available, as reference for details.

assessment of the results management capacity at the sector level and address how to effectively build the necessary capacity.

H. Linkages between CPS Results Framework, Sector Road Map, and Project Design and Monitoring Framework

66. The CPS process is cyclic. It begins with the national development plan and/or national poverty reduction strategy, and the government's sector priorities. These guide the CPS formulation, sector road map, and finally the operations program. The intended CPS outcomes will be achieved through implementation of individual interventions, which in turn feeds back to the sector road maps and then to the CPS and national development strategy. Figure 3 summarizes the linkages between project, sector, and country level.

Figure 3: Linkages between frameworks



67. In order to make individual interventions effectively contribute to achieving CPS outcomes, the key management tools at the country, sector, and individual intervention level – CPS Results Framework, Sector Road Maps, and Design and Monitoring Framework of individual projects – should be interlocked. Clear sets of key output and outcome indicators, which will be cascaded down from CPS results framework through sector road map to project design and monitoring framework, will help ensure this interlocking. By using these key indicators, results monitoring at project level will be consolidated into the sector level and further up into the CPS level during the monitoring process (see section IV C). The CPS Results Framework has a stronger focus on outcomes derived from national development strategies; sector road maps take an intermediate position with priority focus on sector outcomes and outputs, which contribute to achievement of intended CPS outcomes and also provide guidance on objectives of individual interventions; and the intervention Design and Monitoring

Frameworks concentrate on project outcomes and outputs, which contribute to sector outcomes and outputs, with due attention to the inputs and processes (activities).

68. Individual interventions (both lending and non-lending) should be solidly anchored in the strategic directions set out in the sector road map and CPS and should contribute to the sector outcomes and then CPS outcomes. Specifically, the project impact (or outcomes) in Design and Monitoring Framework will usually be derived from the sector outcomes indicated in the sector road maps. There is a need to harmonize indicators across projects in same sector in a DMC based on key sector indicators. In certain cases where sector road maps have not been prepared or have not clearly identified sector outcomes or where interventions will address cross-sectoral issues, the Design and Monitoring Framework may refer to certain outcomes listed in CPS Results Framework. The project team leader (with guidance of the concerned sector director) should ensure this consistency. The country team should have an opportunity to participate in the review process of the Design and Monitoring Framework to reconfirm its consistency with sector road map and then the Results Framework. It is recommended to prepare a skeleton of draft Design and Monitoring Framework at the earlier stage of the project process, in consultation with stakeholders, and to attach a preliminary draft Design and Monitoring Framework to the project concept paper which will be submitted for formal clearance by Management.

IV. CPS IMPLEMENTATION AND MONITORING

A. Use of Government Systems and Information

69. The CPS monitoring and evaluation system should be simple, cost-effective, and appropriate to the country context. In order to avoid overburdening of the country capacity and ensure the sustainability of managing for development results efforts, monitoring should draw on indicators and data sources that are part of the government's own systems as appropriate. In this context, the CPS timeframe should be harmonized with the national development plan timeframe as closely as possible. Setting interim targets for the key outcome indicators and establishing tracking indicators will be useful to facilitate and synchronize results monitoring for both. In case where necessary information and data are not available, an appropriate balance should be maintained between what should be monitored and what is available, depending on country specific situations. Where the use of country systems is not feasible, supplementary measures may be established in ways that strengthen rather than undermine national institution development.

70. Institution and capacity factors are often critical binding constraint to the design, delivery and monitoring of intended results. Capacity development efforts are critical to the CPS process and must be suitable and commensurate to the planning, monitoring and evaluation capacity of specific DMCs. This underscores the importance of assessing the capacity of the government to manage for results and determining how to strengthen the country systems,⁵⁵ at the early stage of CPS preparation process. Capacity development initiatives on managing for development results should be linked with governance and public sector management reforms, and should be demand-driven, properly sequenced with commitment to long-term support, well coordinated with other development partners, and aligned with country readiness.

B. Implementation and Monitoring Action Plan

71. The CPS can only work to the extent that the regional management team, the country team, and the government actively use it, particularly the Results Framework, as an effective management tool including planning, measuring, monitoring, reporting and evaluation. The country team and the government may jointly develop a detailed implementation and monitoring action plan to effectively monitor the Results Framework as an integral part of CPS preparation process, in a matrix form (i.e., 5-6 pages) including columns such as baseline data, targets, data source, data collection frequency, responsible agency for monitoring indicators.⁵⁶ For effectively managing and monitoring results, it is important to identify the quality SMART indicators, and develop target and baseline benchmarking, based on the national framework and in a participatory way with key national stakeholders. The country team may conduct a series of high level policy dialogues to obtain the buy-in of the government on the results management process. The country team may explicitly include implementation mechanisms in Results Framework as a separate strategic pillar.

72. Depending on the individual country circumstances, the role of resident mission may need to be strengthened and necessary resources should be provided for: national capacity strengthening, and coordination on CPS implementation and monitoring; follow-up with CPS results monitoring and reporting requirements; corrective measures in case of performance

⁵⁵ Refer to *Capacity for Results Management: A Guide for Conducting a Rapid Assessment of the Capacity of Developing Member Countries to Manage for Results*. ADB. 2006.

⁵⁶ Refer to Nepal example (Matrix 2) attached to *Learning by Doing: The Nepal Results-Based Country Strategy and Program*. ADB. March 2006.

needing attention or urgent action; and liaison with headquarters on CPS monitoring and reporting.

C. Annual Monitoring through Country Portfolio Review

73. Adoption of a results-based approach in the CPS preparation and implementation process requires the annual CPRM to put special emphasis on achievement of demonstrable results on the ground. Traditional portfolio management usually focuses on monitoring how well interventions are implemented through tracking inputs, activities and some outputs as well as assessing compliance with plans and conditions. Results based portfolio management emphasizes not only implementation but also results. It requires the regular collection of information, assessments whether interventions are producing the planned outputs and are moving toward achieving intended outcomes, and necessary adjustment and feedback process, in addition to traditional portfolio management. As managing for development results is being mainstreamed in ADB, project implementation supervision and the CPRM will need to gradually adopt results orientation, building on experimentation, creative and innovative trials, and continuous learning. The actual approach will depend on the country specific situations and the size of ADB portfolio.

74. The results based project implementation reviews and CPRM, in close coordination with country programming process, will monitor whether ADB's portfolio has been effectively contributing to the CPS outcomes and country development, and discuss necessary corrective actions for achieving better results, in addition to traditional portfolio issues. To facilitate monitoring of progress toward outcomes, SMART outcome indicators should be formulated in relation to the CPS time period, and milestones and intermediate targets around key common indicators should be reflected in the design and monitoring framework, sector road map, and CPS results framework, in a consistent manner. While certain outcomes at project level are measurable, outcomes at the higher level are influenced by various factors and thus attribution to one single agency's efforts may not be possible. Instead, contributions to intended outcomes will be assessed through a quantitative and qualitative approach. Joint monitoring efforts with other development partners and use of the government's monitoring system would help this process. In many cases, actual discussions and assessment of ADB's contribution to CPS outcomes may be qualitative and be supported by logical and plausible argument.

75. The findings of the last CPRM (including suggestions on the adjustment of results monitoring indicators, if needed) will feed into the subsequent country programming mission and then the indicative annually rolling country operations business plan and CPS mid-term review report. In this context, it is recommended to conduct CPRM early in the year, if possible, prior to the country programming mission, subject to the concurrence of the government. A results-based approach to the CPRM requires the background papers to include not only the portfolio implementation matters but also the progress toward CPS outcomes. Country team leader should participate in the results-based CPRM process and conduct dialogue with the government on policy issues which are critical for better results, possible operational modifications or restructuring and strengthening synergies in the portfolio. This will require closer coordination between ADB staff in charge of country programming and staff responsible for project implementation and portfolio management.

76. The CPRM will also be used as a prelude to the preparation of the next CPS. In this case, CPRM may be conducted 6 months before the CPS initiating meeting. The discussions at the CPRM, together with findings of various evaluation reports, will be important ingredients for the CPS completion report and the skeleton of Results Framework for next CPS. The CPRM will

be a building block in the CPS process and will help initiate discussion on the future strategic direction based on the assessment of ongoing development assistance.

77. A results-based CPRM will monitor the progress towards results at the sector/subsector and country levels through bottom-up monitoring process, building on project performance reports and technical assistance performance reports and utilizing the sector road maps and CPS results framework as a reference. This process will require coordinated efforts of project task manager, sector project administration unit (PAU) Head or sector specialist of the country team, CPRM task manager, and country team leader. The following indicative steps may be useful to effectively manage the process:

- i) During project review missions, individual project task managers should review design and monitoring framework and actual implementation plan; monitor milestones, outputs and progress toward outcomes of projects, based on design and monitoring framework;⁵⁷ and record the findings in the BTOR and project performance reports or technical assistance performance reports. Regularly updated project performance report and technical assistance performance report in good quality is crucial for results based CPRM.
- ii) Prior to CPRM, the concerned sector PAU Head or sector specialist in the country team consolidates information from the latest project performance reports, technical performance reports and review mission BTORs of various projects (loans, technical assistance, and ETSW) within the same sector in a DMC; and develops a sector results profile⁵⁸ which assesses the progress on sectoral outputs and outcomes based on monitoring indicators in the sector road map. Completed sector results profiles will be sent to the CPRM task manager to facilitate the preparation of CPRM background paper. A PAU Head in the resident mission generally leads the CPRM process.
- iii) The CPRM task manager consolidates different sectoral results profiles and prepares a CPRM background paper, including them as attachment. Prior to CPRM, a regional management team meeting may be arranged to review the main issues to be discussed at the CPRM.
- iv) During CPRM, the CPRM task manager, together with country team leader, will review the progress on results at sector/subsector and country level and prepare recommendations, if any, in consultation with government and other development partners, in addition to traditional portfolio matters. After CPRM, the CPRM task manager, together with the country team leader, will prepare a country results profile, based on discussions at CPRM on the results progress at sectoral and country level, using monitoring indicators in the CPS Results Framework.⁵⁹
- v) During country programming mission, the country team leader will review with the government overall progress on CPS results framework, building on findings of CPRM, and discuss the way to address recommendations in the operations programs and reflect necessary measures in the updated country operations business plan or CPS mid-term review, as appropriate. To facilitate discussions, the CPRM task manager will participate in the country programming mission process, as appropriate.

⁵⁷ If a design and monitoring framework was not prepared for the project, then project task manager will draw intended outputs, and outcomes and associated indicators based on a logical framework.

⁵⁸ See SARD examples in "A Reference Guide to SARD's Results Monitoring and Reporting System". May 2006.

⁵⁹ If a well-functioning sector results profile system will be in place, then a draft country results profile will be prepared prior to CPRM.

The above process would be cumbersome for the first time. But, once the system is established, then it just needs to be annually updated with progress reports. Simplified formats, consistency across frameworks, and appropriate information technology system support would help minimize the time and resources required in the process. Indicative formats of results profiles at country, sector, and project levels are attached as **appendix 5** for reference.

D. CPS Mid-term Review

78. The CPS Results Framework, sector road maps, and design and monitoring framework should be used for management purposes to help track the progress, assess whether the intended results are being achieved, and use the lessons learned in making mid-course adjustments and in preparing the next decision-making process. Country operations need not to be rigidly bound by the initial blueprint. Results orientation is not to strictly follow a predetermined plan nor be strictly controlled by quantitative targets; but to monitor progress in a timely manner and to make necessary changes to achieve intended results while providing adequate explanations to reason why the changes are required.

79. A CPS mid-term review exercise will be conducted, in consultation with stakeholders, at around mid-point of the CPS cycle, building on findings of CPRMs, to (i) review the continued relevance of the strategic thrust of the CPS, (ii) report on the progress toward achieving CPS outcomes based on Results Framework, (iii) adjust monitoring indicators of Results framework and sector road maps, if needed; and (iv) provide a mid-course adjustment of the strategy, if necessary, triggered by a change in underlying CPS assumptions or by the occurrence of risks. To facilitate the mid-term review, CPSs should specify intermediate outcomes and associated monitoring indicators. A country team prepares a concise CPS mid-term progress review paper (no more than 8 pages of main text), including an attached indicative rolling country operations business plan for the next 3 years. The CPS mid-term review paper will be approved by the President and submitted to the Board for information if no change of strategy is required. Otherwise, the review paper will be cleared by the President and submitted to the Board for endorsement on a no-objection basis. Adjustment of monitoring indicators in Results Framework and sector road maps is usually not considered as a change of the strategy. If only monitoring indicators in the sector road map will be adjusted, then it is recommended to attach only the adjusted results framework section, rather than the entire sector road map, to the CPS mid-term progress review paper. The CPS mid-term progress review paper will be disclosed after circulation to or endorsement of Board which should be done by 31 August.⁶⁰ In countries where English is not widely used, the CPS mid-term progress review paper must be translated into a widely understood language within 90 days of circulation to or endorsement by the Board.⁶¹

⁶⁰ For details of approval procedures of CPS mid-term progress review paper, see paras 14-17, OM Section A2/OP

⁶¹ See PCP para 65. For procedural details, refer to the Disclosure Handbook found on ADB's intranet portal under "Operations/Disclosure Management".

E. Indicative Rolling Country Operations Business Plans

80. Country teams will annually update indicative country operations business plans, normally on a 3-year rolling basis. The annual country operations business plans, which include proposed individual ADB interventions at the level of the priority sector and theme, will be approved by Management.⁶² The business plans will include brief preliminary summary information (about 2-3 paragraphs on objectives, expected results and deliverables) on each proposed intervention for the first year of an indicative rolling country operations business plan compiled in an appendix (see an indicative format of summary information on proposed indicative lending and non-lending interventions in **appendix 6**). Country teams will develop the rolling business plans (about 3 pages of main text) annually as a stand-alone document for the years when CPS or CPS mid-term progress review paper will not be prepared. The business plan identifies specific lending and non-lending operations for processing and updates indicators of Results Framework, if necessary. It will be prepared by country programming missions, reflecting findings of CPRM, and approved by Management and circulated to Board for information before the Work Program and Budget Framework (WPBF) is finalized (with a cut-off date as of end August each year). Annual Business Plan will be disclosed after circulation to the Board. For approval and disclosure procedures, see OM section A2 and PCP. Salient paras of relevant papers are attached as **appendix 7** for reference.

⁶² It is generally not expected that there will be substantial variations in an amount of overall indicative financing “envelopes,” as specified in CPS or a CPS mid-term review report. However, such cases may emerge in disaster and emergency situations (tsunami, an earthquake, etc.). As in the past, such situations and relevant changes in an operations program are normally discussed with the Board.

V. CPS EVALUATION

A. Country Assistance Program Evaluation⁶³

81. Past experience and lessons, in particular relating to findings of CAPEs by OED and relevant recommendations of the Development Effectiveness Committee of the Board, need to be properly incorporated in CPSs. It is required that a CAPE be prepared by OED and discussed by the Development Effectiveness Committee of the Board prior to the submission of a CPS, in those cases when a CAPE is to be prepared. In general, a CAPE is conducted over a period of 9 to 12 months. In order to ensure timely availability of CAPE findings, regional departments need to coordinate with OED well in advance, approximately 2 years before CPS initiating process (for details, see para 24). In general, it is recommended to apply criteria including the relevance, efficiency, effectiveness, sustainability, and impacts of the assistance efforts for evaluating public sector operations. A CAPE is designed to answer three related questions:

- Was ADB's strategy and operations program relevant to the development challenges facing the DMC? Was ADB's strategy and operations program aligned with national priorities, well positioned given ADB's mandate and country competence, and harmonized with the assistance provided by other development partners?
- Was ADB assistance effective in achieving the desired objectives? If so, were these objective achieved efficiently? Are the achievements sustainable over time?
- Did ADB assistance contribute to outcomes that will improve the DMC's capacity to combat poverty and foster sustainable socio-economic development?

B. CPS Completion Report

82. While the CAPE is an independent in-depth evaluation by OED over a long period of ADB operations (usually 10 years or more), the CPS completion report is a self-assessment by the country team of ADB's contribution in concerned DMC during the previous single CPS period. The completion report will complement the CAPE where available by isolating the most recent progress and by reporting views of the country team in a more timely and concise manner.

83. The main objective of the CPS completion report is to assess the effectiveness of the previous CPS in achieving the intended outcomes and to draw practical lessons from implementation of the previous CPS for next CPS. It focuses on the CPS's relevance to country's development goals, the progress on intended CPS outcomes, ADB's performance in achieving CPS outcomes, and lessons for the next CPS preparation. It relies on an analysis of key reference documents including CPRM, OED reports (in particular CAPE and SAPEs), RRP, project completion reports, technical assistance completion reports, and relevant documents of the government and other development partners. The CPS completion report looks at the progress of CPS from the perspective of CPS results framework. It will take into account any revisions in the CPS introduced during the implementation period. When the previous CPS did not identify a set of core measurable outcomes, the country team will extract the likely outcomes from the CPS document. The completion report will assess the results achieved under each of these outcomes by tracking the key indicators and milestones laid out in the CPS Results Framework. Availability of data and information on indicators and milestones

⁶³ For details, refer to *Guidelines for the Preparation of Country Assistance Program Evaluation Reports*. OED. ABD. February 2006.

are crucial for this measurement of results. Since projects processed during the CPS period will have just started implementation, the Results Framework and CPS completion report must also consider the results of projects under implementation which have processed during the previous CPS period.

84. The CPS completion report briefly reviews what happened in the country, and what was achieved during the period covered by the last CPS. The completion report should take stock of what were goals, objectives and results to which ADB assistance was to contribute. It should review what was accomplished in those areas and highlight the manner in which ADB made a contribution, in each of the strategic pillars. It should include analysis of what went right and what was not realized. The reasons and areas where performance exceeded expectations, as well as where performance lagged expectations, should be identified and discussed. The completion report generally contains qualitative description of performance and concludes with recommendations and lessons. Key lessons, for the country, as a whole, and for the sectors in which ADB was involved, should be distilled. This process will help the country team to start to draft the initial results framework for next CPS.

85. The country team prepares a draft completion report, in consultation with government officials, executing agencies, and development partners, before the CPS stocktaking meeting for the next CPS. The draft completion report will be attached to CPS initiating paper. The completion report should focus on strategic and programmatic issues and will not rate the CPS or individual projects. It is not processed as a stand-alone document and its final version is attached in a matrix form to the CPS as an appendix. The draft completion report is shared with OED through a normal interdepartmental review process. OED may provide comments as appropriate, in particular in those cases when a CAPE is not to be prepared.

C. Feedback Process

86. CAPE, CPS completion reports, CPRM findings, SAPE and other evaluation/review findings, and lessons and recommendations from implementation of the previous CPSs should be addressed in preparing the next CPS, in particular selecting priority areas and developing a realistic Results Framework. Major findings will feed directly into ADB's past experience section of the CPS. A CPS will also include a table summarizing main lessons and recommendations from evaluations and reviews of the previous CPS and how they have been addressed or accommodated in the preparation of the CPS. Key findings should be interpreted and used to enhance ADB's future development effectiveness. Improving quality of Results Framework and strengthening monitoring systems will help the CPS evaluation process draw more relevant and evidence-based findings and recommendations for better decision-making.

Appendices

1. Revised matrices on business process for CPS, CPS Mid-Term Review, and annual Country Operations Business Plan
 - A1.1. Business Process for Country Partnership Strategy (CPS)
 - A1.2. Business Process for Country Partnership Strategy (CPS) review
 - A1.3. Business Process for Indicative Rolling Country Operations Business Plan (COBP)
2. Indicative formats of CPS, CPS Review and Annual Country Operations Business Plan
 - A. Indicative Country Partnership Strategy Format
 - B. Indicative Country Partnership Strategy Midterm Review Report Format
 - C. Indicative Rolling Country Operations Business Plan Format
3. Indicative format of CPS Completion Report
4. Indicative formats of CPS Results Framework and Sector Road Map
 - A. Indicative Format of CPS Results Framework
 - B. Indicative Format of Sector/Thematic Road Map
5. Indicative formats of Results Profiles at Country, Sector, and Project Levels
6. Indicative format of summary information on proposed indicative lending and non-lending interventions
7. Salient Paragraphs of relevant papers:
 - A. Further Enhancing Country Strategy and Program and Business Processes
 - B. Public Communications Policy

REVISED MATRICES ON BUSINESS PROCESS FOR CPS, CPS MID-TERM REVIEW, AND ANNUAL COUNTRY OPERATIONS BUSINESS PLAN

Table A1.1: Business Process for Country Partnership Strategy (CPS)¹

Phase/Milestones	Key Actions and Outputs	Responsible Parties and Stakeholders ²	Estimated Duration to Complete (weeks)	Remarks
Pre-CPS Analyses and Assessments (continuing and existing)³				
	<ul style="list-style-type: none"> • Macroeconomic analysis⁴ • Poverty analysis • Thematic analyses (in the context of economic growth and poverty) including: <ul style="list-style-type: none"> - Gender and social development - Capacity development (including results management) - Environment assessment - Private sector assessment - Regional cooperation and integration, if applicable • Key sector diagnostics/analysis including institutional, legal and regulatory framework, and capacity • Country portfolio reviews • Risk assessment and risk management plan (covering such areas as public financial management, procurement, corruption, etc.) • Evaluation of the previous CPS: CAPE (if prepared) and CPS 	L: CT S: COSO, ERD, OCO, OREI, OED, PSOD, RSDD, SPD, RM C: Government, other development partners, and civil society organizations as appropriate		These analyses include government diagnostics/analytical work which may be supported by development partners, including ADB. The studies and assessments which are supported by ADB and financed by TA and/or administrative budgets (staff consultants), may involve missions. Existing or joint studies should be used as much as possible with integrations to seek ADB purposes if and as needed. Studies are initiated as early as possible, and continued during CPS preparation.

¹ The procedures described here apply to all DMCs. Some specific, more flexible approaches in preparing programming documents are permissible for (i) small Pacific DMCs, (ii) middle-income DMCs with limited ADB engagement, and (iii) developing countries joining ADB as new members (for details see ADB. 2006. *Further Enhancing Country Strategy and Program and Business Processes*. Manila).

² L: Lead (accountable for the final outputs and quality expected per process); S: Support; C: Consulted (to be consulted with)

³ The pre-CPS analyses and assessments may support, where appropriate, DMC government's diagnostic and analytical work in preparing its development plan.

⁴ Debt sustainability is normally addressed as part of the macroeconomic analysis.

Phase/Milestones	Key Actions and Outputs	Responsible Parties and Stakeholders ²	Estimated Duration to Complete (weeks)	Remarks
	completion report <ul style="list-style-type: none"> • Cofinancing assessment 			
CPS Preparation			Duration: 23 to 28 weeks	
1. Country Team Retreat	<ul style="list-style-type: none"> • Discuss the basic concept of and procedures for CPS with the country team • Identify key lessons from the implementation of the previous CPS • Develop consolidated view on key country development issues, based on findings of various assessments and diagnostics, and approaches to address them 	L: CT Leader S: CT, RM C: RMT, Government	2 weeks	The country team retreat is organized preferably in the field. It may be combined with participatory stakeholder consultations. If needed, videoconferences can help ensure comprehensive representation of the Country Team or other relevant stakeholders.
2. CPS Stock-Taking Meeting, Chaired by Regional DG	<ul style="list-style-type: none"> • Before the meeting, a status report (about 4-5 pages) is prepared by CT and circulated to the meeting members, containing <ul style="list-style-type: none"> - rationale for preparing a CPS (if not on a usual 5-year schedule); - status of macroeconomic analysis, poverty and other analytical work, and the need for new/supplementary studies identified; - TOR for evaluating the previous CPS and activities of other funding agencies, proposed process of stakeholder consultation, cost sharing and eligibility of expenditures criteria, and preparing a risk assessment and risk management plan; - resources required for updating analyses and assessments identified; and 	L: RMT S: CT C: ERD, OED, RSDD	2 weeks	RMT will consist of Regional DG and Deputy DG, Sector Directors, OCD, Director, and CD. Minutes are circulated to the participants after the meeting

Phase/Milestones	Key Actions and Outputs	Responsible Parties and Stakeholders ²	Estimated Duration to Complete (weeks)	Remarks
	<ul style="list-style-type: none"> - proposed CT and its TOR • The meeting confirms: <ul style="list-style-type: none"> - CT and its TOR; and - Decision to prepare a new CPS 			
3. Updating of Pre-CPS Analyses and Assessments	<ul style="list-style-type: none"> • Updated analyses and assessments as required • Assessment of strategies and assistance by other funding agencies • Evaluation of cost sharing and eligibility of expenditures criteria • Road maps preparation begins for possible priority sectors 	L: CT S: COSO, ERD, OCO, OED, RSDD, RM	Range: 6 to 8 weeks	Missions may be fielded to update the analyses and assessments, including the risk assessment and risk management plan, and evaluate cost sharing and expenditures eligibility criteria.
4. Preparation of CPS Initiating Paper	<ul style="list-style-type: none"> • Draft CIP including a preliminary draft results framework, if feasible, (up to 8 pages of main text) prepared by CT discussing <ul style="list-style-type: none"> - binding constraints to growth and poverty reduction identified through cause-effect analysis; - summary of key development issues; - proposed strategic focus of ADB operation (including priority sector/thematic/geographic/ regional cooperation focus as appropriate) identified based on analyses and presence of other funding agencies; - proposed preliminary cost-sharing and expenditures eligibility criteria; - summary of proposed risk assessment and risk management plan; - CPS mission members and timeframe for CPS preparation - attached draft TOR of the CPS mission; and 	L: CT leader S: CT members C: RMT, RSDD, OED, ERD	2 weeks	Summary of key development issues will be drawn from the CPS analyses and assessments

Phase/Milestones	Key Actions and Outputs	Responsible Parties and Stakeholders ²	Estimated Duration to Complete (weeks)	Remarks
	- attached draft CPS completion report.			
5. CPS Initial Consultation	<ul style="list-style-type: none"> Draft CIP consulted with DMC stakeholders (government, civil society, private sector, external funding agencies, etc.) and confirmed by the Government 	L: CT leader S: CT members, RM C: Government and other DMC stakeholders	2 weeks	Mission may be fielded. The mission will leave an aide memoire with the government and submit a BTOR to OCD Director or CD for information.
6. CPS Initiating Meeting, Chaired by Operations VP	<ul style="list-style-type: none"> CIP circulated by Regional DG to the meeting members 3-5 working days before the meeting The meeting confirms decisions on the strategic focus of ADB operation (including priority sector/thematic/geographic/regional cooperation focus as appropriate) 	L: Regional DG S: CT, RMT C: VP, RSDD, OED, ERD, SPD	1 week	Minutes of the meeting are circulated to participants
7. Informal Board Seminar	<ul style="list-style-type: none"> Informal Board seminar conducted after receiving VP's approval 	L: Regional DG S: CT, OCD Director/CD C: VP, Board, OED	1 week	Timing of informal Board Seminar should be coordinated with OED CAPE process. If possible, the informal Board Seminar should follow OED presentation of the CAPE to the Development Effectiveness Committee of the Board. If not possible, it should be ensured that the final version of CAPE will be circulated before MRM. CT leader will attend CAPE meeting of DEC to take note of Board observations and guidance.
8. Updating of Priority Sector and/or Thematic Roadmaps	<ul style="list-style-type: none"> Updated priority sector and/or thematic roadmaps Cofinancing possibilities identified 	L: CT S: OCO, RM	Range: 4 to 6 weeks	Mission may be fielded.
9. CPS Formulation	<ul style="list-style-type: none"> Consultation meetings with DMC 	L: CT leader/CPS	Range:	

Phase/Milestones	Key Actions and Outputs	Responsible Parties and Stakeholders ²	Estimated Duration to Complete (weeks)	Remarks
Mission	stakeholders <ul style="list-style-type: none"> • Agreement with Government on the selection of priority sectors and/or thematic areas, or geographical focus, medium-term outcomes and targets, milestones, cost sharing arrangements and eligibility of expenditures, and risk assessment and risk management plan • Agreement with Government on the indicative rolling country operations program for the first 3-years of CPS • Possible cofinancing confirmed other funding agencies • MOU • BTOR submitted to the respective VP for endorsement, and copied to all staff concerned and the President 	mission leader S: CPS mission members, other CT members, OCO, RM, RMT as appropriate C: DMC stakeholders (government, civil society, private sector, external funding agencies, etc.), VP	3 to 4 weeks	
CPS Finalization			Duration: 13 to 14 weeks	
10. MRM, Chaired by the President	<ul style="list-style-type: none"> • 1st draft CPS circulated by Regional DG to MRM chair and members with issues paper • Management guidance on issues and endorsement on CPS focus 	L: Regional DG S: CT, RMT C: President, VP, ERD, OED, RSDD, OCO, COSO, SPD	<ul style="list-style-type: none"> • Preparation of 1st draft CPS: 3 weeks • Circulation and meeting: 2 weeks 	Draft CPS must be circulated at least 5 working days before MRM. Final version of CAPE must have been circulated before MRM is held. Comments on the draft CPS can be submitted in writing and/or presented during MRM. Pre-MRM may be called at the option of the VP. Minutes are prepared by the CT and circulated to meeting participants.
11. CPS Confirmation with	<ul style="list-style-type: none"> • 2nd draft CPS cleared by Regional DG, and sent by OCD Director/CD to 	L: CT leader S: CT members, RM	<ul style="list-style-type: none"> • Preparation of 2nd draft CPS: 2 weeks 	A CPS Confirmation Mission may be fielded if necessary.

Phase/Milestones	Key Actions and Outputs	Responsible Parties and Stakeholders ²	Estimated Duration to Complete (weeks)	Remarks
Government	Government (copied to Management) <ul style="list-style-type: none"> Government concurrence for the CPS and clearance for publication 	staff C: Regional DG, OCD Director/CD, Government	<ul style="list-style-type: none"> Government clearance: 3 to 4 weeks 	
12. CPS Clearance by the President, and Endorsement by the Board	<ul style="list-style-type: none"> Edited CPS cleared by the President and circulated to the Board Briefing for the President Board endorsement of CPS 	L: CT leader S: CT members, RMT, OSEC (for editing and circulation) C: Management, Board	<ul style="list-style-type: none"> Preparation of the final draft CPS: 1 week Editing: 1 week President approval for circulation: 1 week Circulation before Board discussion: 3 weeks 	
13. CPS Publication	<ul style="list-style-type: none"> CPS published/posted on the ADB's web-site 	L: DER		Information on lending and non-lending operations, and Project Information Document on the ADB's web-site will be updated quarterly
Total			Duration: 39 to 45 weeks (excluding pre-CPS analyses and assessments)	

ADB = Asian Development Bank, BTOR = back-to-office report, CAPE = country assistance program evaluation, CD = country director, CIP = CPS initiating paper, COSO = central operations services office, CPS = country partnership strategy, CT = country team, DEC = development effectiveness committee, DER = department of external relations, DG= director general, DMC = developing member country, ERD = economics and research department, MOU = memorandum of understanding, MRM = management review meeting, OCD = operations coordination division, OCO = office of cofinancing, OED = operations evaluation department, OSEC = office of the secretary, PSOD = private sector operations department, RM = resident mission, RMT = regional management team, RSDD = regional and sustainable development department, TA= technical assistance, TOR = terms of reference, VP = vice president.

Table A1.2: Business Process for Country Partnership Strategy (CPS) review⁴

Phase/Milestones	Key Actions and Outputs	Responsible Parties and Stakeholders ⁵	Estimated Duration to Complete (weeks) and Approx. Month	Remarks
1. Planning Directions for the next three years	<ul style="list-style-type: none"> Planning directions, including IPF, reflecting results of Performance Based Allocation exercise for ADF eligible countries, per region for lending and non-lending products and services 	L: Management S: SPD C: Regional DG	(Feb)	
2. Review of the Ongoing CPS and Country Operations Business Plan and Identification of Potential Changes	<ul style="list-style-type: none"> Notes on key developments in DMC Updated results framework and sector/thematic roadmaps as required Updated country operations program Key findings of country portfolio reviews Brief desk draft CPS review issues paper prepared and circulated 3-5 working days before RMT meeting 	L: CT leader S: CT members, RM C: Government	2-3 weeks (Feb - March)	Mission may be fielded by sector divisions for this purpose if deemed necessary. CT includes a representative from PSOD, if appropriate.
3. RMT Meeting to Initiate CPS Review, Chaired by Regional DG	<ul style="list-style-type: none"> Agreements among RMT on changes to CPS, if needed in case of CPS midterm progress review (see footnote 1), and the previous year's indicative country operations business plan Guidance on key sector and country issues Confirmed CT composition and TOR 	L: Regional DG S: CT C: VP, RMT, RSDD	1 week (Mar- April)	

⁴ The CPS midterm progress review is normally conducted in the third year of CPS implementation (i.e., the mid point of the usual 5-year CPS cycle). It may or may not require strategy adjustment and, in the latter case, generally focuses on CPS progress. However, the CPS review may also be triggered by changes in CPS underlying assumptions and/or occurrence of risks to enable adjustment in the strategy in any year of the CPS cycle. The procedures described here apply to all DMCs. Some specific, more flexible approaches in preparing programming documents are permissible for (i) small Pacific DMCs, (ii) middle-income DMCs with limited ADB engagement, and (iii) developing countries joining ADB as new members (for details see ADB. 2006. *Further Enhancing Country Strategy and Program and Business Processes*. Manila).

⁵ L: Lead (accountable for the final outputs and quality expected per process); S: Support; C: Consulted (to be consulted with)

Phase/Milestones	Key Actions and Outputs	Responsible Parties and Stakeholders ⁵	Estimated Duration to Complete (weeks) and Approx. Month	Remarks
	<ul style="list-style-type: none"> • Approved schedule for completing the CPS review process • Decision to field a CPM • VP informed of the RMT decisions through copy of the minutes, together with the draft CPS review issues paper 			
4. Country Programming Mission	<ul style="list-style-type: none"> • Consultations with key DMC stakeholders on potential changes to the CPS, if required, • indicative operations program for the next 3 years • Possible cofinancing arrangements confirmed with development partners • Discussion of cost sharing and eligibility of expenditures if these were not defined during the CPS • MOU or Aide Memoire • Brief BTOR and final MOU/AM submitted to VP for endorsement, and circulated to all staff concerned and the President 	L: CT leader S: CT members, RMT C: DMC stakeholders (government, civil society, private sector, external funding agencies, etc.), VP	4 weeks (Apr- June)	Where CT leader is based in a RM, the CPM can extend over a number of weeks, to ensure participation of CT members from sector divisions in conjunction with planned operational missions.
5. Preparation of Post-CPM Draft CPS review paper	<ul style="list-style-type: none"> • 1st draft CPS review paper cleared by OCD Director or CD circulated to RMT, RSDD, OED, ERD, COSO, OCO and SPD (copied to Management) • 2nd draft incorporating RMT and interdepartmental comments 	L: CT leader S: CT members C: RMT, ERD, OED, RSDD, COSO, OCO, SPD	3 weeks (June-July)	
6. Government Clearance	<ul style="list-style-type: none"> • CPS review paper cleared by government for publication 	L: CT leader S: RM C: Government	3 to 4 weeks (July)	
7. CPS Review Paper Clearance or	If CPS review paper does not require strategy adjustment. ⁶	L: Regional DG S: OCD Director/CD,	<ul style="list-style-type: none"> • Preparation of final 	

⁶ This approach applies to the CPS midterm review only.

Phase/Milestones	Key Actions and Outputs	Responsible Parties and Stakeholders ⁵	Estimated Duration to Complete (weeks) and Approx. Month	Remarks
Approval by the President for Circulation to the Board	<ul style="list-style-type: none"> Edited CPS midterm review paper approved by the President for circulation to the Board for information. <p>If CPS review paper requires strategy adjustment:⁷</p> <ul style="list-style-type: none"> Edited CPS review paper cleared by the President for Board circulation Briefing for the President Board endorsement of the CPS review paper⁸ 	<p>OSEC (for editing and circulation) C: VP, President, Board</p>	<p>draft CPS review paper: 1 week</p> <ul style="list-style-type: none"> Editing: 1 week Circulation: 3 weeks (if circulated for Board endorsement) <p>(July-Aug)</p>	
8. CPS Review Paper Publication	<ul style="list-style-type: none"> CPS review paper published/posted on the ADB's web-site 	L: DER		Information on lending and non-lending products and services, and Project Information Document on the ADB's web-site will be updated quarterly
Total			Duration: 18 to 20 weeks (starting from RMT meeting)	

ADB = Asian Development Bank, ADF = asian development fund, BTOR = back-to-office report, CD = country director, COSO = central operations services office, CPM = country programming mission, CPS = country partnership strategy, CT = country team, DER = department of external relations, DG = director general, DMC = developing member country, ERD = economics and research department, IPF = indicative planning figures, MOU/AM = memorandum of understanding/aide memoire, OCD = operations coordination division, OCO = office of cofinancing, OED = operations evaluation department, OSEC = office of the secretary, PSOD = private sector operations department, RMT = regional management team, RSDD = regional and sustainable development department, SPD = strategy and policy department, TOR = terms of reference, VP = vice president.

⁷ This approach applies both to CPS midterm review and the CPS review triggered by changes in the CPS underlying assumptions and/or occurrence of risks to adjust the strategy.

⁸ When strategy adjustment is required, a CPS review paper is normally submitted to the Board for endorsement on a no-objection basis.

Table A1.3: Business Process for Indicative Rolling Country Operations Business Plan (COBP)⁹

Phase/Milestones	Key Actions and Outputs	Responsible Parties and Stakeholders ¹⁰	Estimated Duration to Complete (weeks) and Approx. Month	Remarks
1. Planning Directions for the next three years	<ul style="list-style-type: none"> Planning directions, including IPF, reflecting results of Performance Based Allocation exercise for ADF eligible countries, per region for lending and non-lending products and services 	L: Management S: SPD C: Regional DG	(Feb)	
2. Review of the Ongoing COBP and Identification of Potential Changes	<ul style="list-style-type: none"> Notes on key developments in DMC Updated results framework and sector/thematic roadmaps if required Updated country operations program Key findings of country portfolio reviews Preliminary desk draft of COBP or CPM issues paper circulated 3-5 working days before RMT meeting 	L: CT leader S: CT members, RM C: Government	2 weeks (Feb-March)	
3. RMT Meeting to Initiate COBP, Chaired by Regional DG	<ul style="list-style-type: none"> Agreements among RMT on changes to the previous year's indicative rolling COBP Guidance on key sector and country issues Confirmed CT composition and TOR Approved schedule for completing the COBP preparation process Decision to field CPM VP informed of the RMT decisions through copy of the minutes, together with the preliminary draft of COBP or CPM issues paper 	L: Regional DG S: CT C: VP, RMT, RSDD	1 week (Mar-April)	CT includes a representative from PSOD, if appropriate.
4. Country Programming Mission	<ul style="list-style-type: none"> Consultations with key DMC stakeholders on potential changes to the indicative operations program 	L: CT leader S: CT members, RMT C: DMC stakeholders	4 weeks (Apr-June)	

⁹ The procedures described here apply to all DMCs. Some specific, more flexible approaches in preparing programming documents are permissible for (i) small Pacific DMCs, (ii) middle-income DMCs with limited ADB engagement, and (iii) developing countries joining ADB as new members (for details see ADB. 2006. *Further Enhancing Country Strategy and Program and Business Processes*. Manila).

¹⁰ L: Lead (accountable for the final outputs and quality expected per process); S: Support; C: Consulted (to be consulted with)

Phase/Milestones	Key Actions and Outputs	Responsible Parties and Stakeholders ¹⁰	Estimated Duration to Complete (weeks) and Approx. Month	Remarks
	<ul style="list-style-type: none"> Possible cofinancing arrangements confirmed with development partners MOU or Aide Memoire Brief BTOR and final MOU/AM submitted to VP for endorsement, and circulated to all staff concerned and the President 	(government, civil society, private sector, external funding agencies, etc.), VP		
5. Preparation of Post-CPM Draft COBP	<ul style="list-style-type: none"> 1st draft COBP cleared by OCD Director or CD circulated to RMT, RSDD, SPD and OED (copied to Management) 2nd draft incorporating RMT and interdepartmental comments 	L: CT leader S: CT members C: RMT, OED, RSDD, and SPD	3 weeks (June-July)	
6. Government Clearance	<ul style="list-style-type: none"> COBP cleared by government for publication 	L: CT leader S: RM C: Government	3 to 4 weeks (July)	
7. COBP Approval by the President for Circulation to the Board for Information	<ul style="list-style-type: none"> Edited COBP approved by Management for circulation to the Board for information. COBP circulated to the Board 	L: Regional DG S: OCD Director/CD, OSEC (for editing and circulation) C: VP, President, Board	<ul style="list-style-type: none"> Preparation of final draft COBP: 1 week Editing: 1 week (August)	
8. COBP Publication	<ul style="list-style-type: none"> COBP posted on the ADB's web-site 	L: DER		Information on lending and non-lending products and services, and Project Information Document on the ADB's web-site will be updated quarterly
Total			Duration: 15 to 16 weeks (starting from RMT meeting)	

ADB = Asian Development Bank, ADF = asian development fund, BTOR = back-to-office report, CD = country director, COBP = country operations business plan, CPM = country programming mission, CT = country team, DER = department of external relations, DG = director general, DMC = developing member country, IPF = indicative planning figures, MOU/AM = memorandum of understanding/aide memoire, OCD = operations coordination division, OED = operations evaluation department, OSEC = office of the secretary, PSOD = private sector operations department, RM = resident mission, RMT = regional management team, RSDD = regional and sustainable development department, SPD = strategy and policy department, VP = vice president.

INDICATIVE FORMATS OF CPS, CPS REVIEW AND ANNUAL COUNTRY OPERATIONS BUSINESS PLAN¹

A. Indicative Country Partnership Strategy Format

COUNTRY PARTNERSHIP STRATEGY [COUNTRY NAME]

Note: The main text should not be more than 25 pages, and the executive summary should be 2 pages at most.

EXECUTIVE SUMMARY

I. DEVELOPMENT CONTEXT: CURRENT TRENDS, ISSUES, AND CONSTRAINTS

Present a brief analytical overview of recent trends in the country's economic, political, and social development, including the structural causes of poverty identified in the country poverty analysis and progress in sections A–F. Use of visual presentations is encouraged, within the page limit. For subsections A, D, and F, refer to indicators in an appendix. Sections on thematic assessments will have separate guidelines. (The last sentence or paragraph before the next subheading will be Appendix 1, Table A1.1, indicating the country's progress toward the Millennium Development Goals [MDGs] and targets.)

A. Economic Growth and Poverty Reduction

Refer to the country economic indicator table in Appendix 1.

Refer to the country poverty and social indicator table in Appendix 1.

Discuss the long-term MDGs and medium-term targets in the national poverty reduction strategy (NPRS) and/or poverty reduction strategy papers (PRSPs), as applicable, and progress to date. For guidance on the poverty assessment, refer to the Handbook on Poverty and Social Analysis, available from the Regional and Sustainable Development Department (RSDD) and electronically from www.adb.org.

B. Political Environment

Briefly analyze the political environment.

C. Improving Public Financial Management and Procurement, and Combating Corruption for Development Management

Analyze issues related to public financial management, procurement, and corruption at the national and subnational levels and in operationally relevant sectors. Indicate performance measures and targets for relevant country systems, and describe recent improvements and the trajectory of change. For Asian Development Fund (ADF) countries, refer to the country performance assessment ratings and describe the recent trend together with the trajectory change.

D. Gender (and other social issues as appropriate)

¹ Refer to appendices 2-4 of *Further Enhancing Country Strategy and Program Business Process*, ADB, August 2006. The indicative formats should not be considered prescriptive.

Analyze social issues, particularly those related to gender.

E. Private Sector

Analyze private sector environment and how the public and private sectors work together.

F. Environment

Refer to the country environment indicator table in Appendix 1.

G. Regional Cooperation and Integration

Include this section if regional cooperation and integration (RCI) are to play a major role in the country's development. Describe how RCI initiatives may reinforce national economic growth and poverty reduction efforts.

II. THE GOVERNMENT'S DEVELOPMENT STRATEGY

A. Development Goals and Strategy

Summarize the long-term development goals and medium-term objectives, NPRS, national development plans, and priority development programs.

B. Resource Mobilization and Investment

Review the public investment plan and approach to financing the development program (coordination of financing from development agencies, the private sector, foreign direct investment, the government's own efforts). Discuss the adequacy of the country's efforts to mobilize resources and the extent to which external assistance is being harmonized.

C. Role of External Assistance

Assess the role and amount of external assistance needed to finance the development program. Review the assistance strategies of major development partners, their comparative advantages, and the division of labor in funding external assistance.

D. ADB's Assessment of the Government's Development Strategy

Assess the country's development strategy and its feasibility.

III. ADB'S DEVELOPMENT EXPERIENCE

A. Development Impact of Past Assistance

Summarize ADB's past assistance and assess its impact. Base the assessment on the strategic focus and objectives given in the previous CPS.

B. Portfolio Performance and Status

Present the portfolio performance, discuss trends, and highlight issues.

C. Conclusions and Lessons for the CPS

Discuss the major lessons learned from past assistance, with particular emphasis on Operations Evaluation Department's (OED) country assistance program evaluation (CAPE) findings and other evaluation reports and studies, country portfolio performance reviews, and a CPS completion report, and the implications for the new CPS.

IV. ADB'S STRATEGY

A. Summary of Key Development Challenges

Summarize the key development challenges drawn from the core assessments made in chapter I. Discuss the major challenges to and constraints on growth, development, and poverty reduction. Summarize the SWOT analysis (strengths, weaknesses, opportunities, and threats). These challenges should be linked with the CPS strategic focus discussed in section B of this chapter.

B. CPS Strategic Focus

Justification for the CPS's strategic thrust should be drawn from (i) the assessments of key development challenges and constraints facing the country; (ii) analysis of national development plans, priorities, and poverty reduction programs; (iii) ADB's comparative advantage in helping address these challenges and constraints, based on its experience in the country; and (iv) development partners' coordination. Clearly describe how national development plans and priorities, and poverty reduction efforts and ADB's long- and medium-term strategic priorities are aligned. Based on these analyses, specify priority sectors for ADB's assistance. The section may also reflect the CPS's strategic focus in terms of thematic issues, geographical areas, and/or regional cooperation and integration as appropriate.

C. ADB Assistance for the Strategic Priorities

Indicate agreed cost-sharing arrangements and expenditure eligibility financing parameters for the CPS period with reference to an appendix containing relevant details (see staff instructions of 15 March 2006, Cost-Sharing and Eligibility of Expenditures for Asian Development Bank Financing).

For each priority sector (and, where appropriate, thematic area), discuss (i) the overall development plan (long-term goals, medium-term objectives, monitorable performance benchmarks); (ii) how these are linked to a proposed (see below) operations business plan, referring explicitly to how lending and non-lending investments will be combined to achieve the sector objectives; and (iii) implementation issues, if any.

D. External Funding Coordination and Partnership Arrangements

Discuss approaches to collaborating and coordinating with DMC development stakeholders (including local and/or subnational governments, civil society, the private sector, other funding agencies, etc.) in implementing the CPS. Identify potential constraints on mobilizing cofinancing.

V. RISKS AND PERFORMANCE MONITORING AND EVALUATION

A. Risks

Assess possible risks to the success of the CPS, evaluate their probability, and recommend mitigating measures to inform the risk management plan, which should be included in the CPS. In particular, assess risks for issues such as debt sustainability, public financial management, procurement, and corruption, and cover national, subnational, and operationally relevant sectors as appropriate.

B. Results-Based Monitoring Process and Plan

Discuss how the strategic results orientation of the CPS is to be ensured, and describe the arrangements for monitoring and evaluation of the strategy.

Matrix: Country Partnership Strategy Results Framework

The matrix should also include intermediate outcome indicators to enable conducting a midterm review.

APPENDIXES AND TABLES

Note: List appendixes in order of their citation in text.

A1. Country and Portfolio Indicators

Table A1.1: Progress Toward the Millennium Development Goals and Targets

Table A1.2: Country Economic Indicators

Table A1.3: Country Poverty and Social Indicators

Table A1.4: Country Environment Indicators

Table A1.5: Development Coordination Matrix

Table A1.6: Portfolio Indicators—Portfolio Amounts and Ratings

Table A1.7: Portfolio Indicators—Disbursements and Net Transfers of Resources

Table A1.8: Portfolio Indicators—Evaluation Rating by Sector

Table A1.9: Portfolio Implementation Status

A2. Table: Country Performance Assessment Ratings *(for ADF and ADF blend borrowers only)*

A3. Country Cost-Sharing Arrangements and Eligible Expenditure Financing Parameters

A4. Country Partnership Strategy and Program Formulation *(Summarize the process of formulation. Incorporate a CAPE matrix reflecting how CAPE and the Board's Development Effectiveness Committee recommendations were considered in formulating the CPS)*

A5. Previous CPS Completion Report

A6. Country Sector and Thematic Strategies and Plans and/or Road Maps *(For priority sectors and/or thematic areas. Integrate both sovereign and non-sovereign public sector operations and private sector development)*

A7. Indicative Rolling Country Operations Business Plan

B. Indicative Country Partnership Strategy Midterm Review Report Format

**MIDTERM REVIEW REPORT ON
COUNTRY PARTNERSHIP STRATEGY
[COUNTRY NAME]**

Notes: (i) If there are no noteworthy developments and, thus, no country strategy adjustment required, this should be explicitly stated.
(ii) The main text should be 8 pages at most (excluding an updated country partnership strategy [CPS] results framework).

I. CURRENT DEVELOPMENT TRENDS AND ISSUES

Report briefly on what has happened in the country since the last CPS paper. The purpose is to (i) focus on the continued rationale and validity of the country strategy, and, if required, to provide for a midcourse adjustment; and (ii) present the current context for the new indicative country operations rolling business plan.

A. Recent Political and Social Developments

Summarize recent political and social events.

B. Economic Assessment and Outlook

Briefly assess the macroeconomic situation.

C. Progress in Poverty Reduction

Discuss the progress made in achieving the Millennium Development Goals, and the issues and targets related to the national poverty reduction strategy (NPRS) and/or poverty reduction strategy papers (PRSPs), as applicable.

D. Risk Assessment

Provide information on the outcome of the review of the risk assessment, and effectiveness of the risk management plan (particularly for public financial management, procurement, and corruption at the national and subnational levels and for operationally relevant sectors). Include an updated risk assessment.

E. Implications for the Country Strategy (if any)

Assess the impact, if any, of A, B, and C on the relevance, validity, and implementation of the country strategy. If no implication is expected, say so. Assess the impact, if any, of the updated risk assessment on the risk management plan and update the plan if required. If the plan does not require updating, say so.

II. IMPLEMENTATION OF THE COUNTRY PARTNERSHIP STRATEGY

A. Progress in the Country Partnership Strategy Focus Areas

Discuss the progress toward CPS outcomes. Summarize major progress made in the CPS's strategic focus and priority sector and/or thematic areas, and highlight any issues that may affect country strategy implementation. For Asian Development Fund (ADF) and ADF blend borrowers, refer to Appendix 2 (Country Performance Assessment Ratings). If the strategy needs to be adjusted, propose changes, including on sector and/or thematic focus and modification in relevant sector and/or thematic road maps (provide a reference to Appendix 3).

B. Highlights in Coordination of External Funding and Partnership Arrangements

Highlight major achievements (or changes) in coordination of external funding (including cofinancing) and partnership arrangements. Provide a cofinancing plan or strategy for the next 3 years, based on a review of CPS implementation. The cofinancing plan or strategy should be consistent with the levels of direct ADB lending proposed in Appendix 4 (Indicative Rolling Country Operations Business Plan).

III. PORTFOLIO MANAGEMENT AND PERFORMANCE MONITORING ISSUES

A. Portfolio Performance

Present an overview of portfolio performance and status, disbursements, counterpart funding (if it is an issue), etc.

B. Results-Based Performance Monitoring and Evaluation

Discuss the degree of and factors influencing the achievement of CPS intermediate indicators as specified in the original CPS results monitoring framework. Recommend ways to update the framework, adjusting the indicative rolling country operation business plan (Appendix 4) to ensure envisaged development impact. This section should be linked with findings of sections I.D and II.A.

Matrix: Updated Country Partnership Strategy Results Framework

APPENDIXES

Note: List appendixes in order of their citation in text.

A1. Country and Portfolio Indicators

Table A1.1 Progress Toward the Millennium Development Goals and Targets

Table A1.2 Country Economic Indicators

Table A1.3 Country Poverty and Social Indicators

Table A1.4 Country Environment Indicators

Table A1.5 Development Coordination Matrix

Table A1.6 Portfolio Indicators—Portfolio Amounts and Ratings

Table A1.7 Portfolio Indicators—Disbursements and Net Transfers of Resources

Table A1.8 Portfolio Indicators—Evaluation Rating by Sector

Table A1.9 Portfolio Implementation Status

- A2. Table: Country Performance Assessment Ratings (*for ADF and ADF blend borrowers only*)
- A3. Updated Country Sector and Thematic Strategies and Plans and/or Road Maps (*For priority sectors and/or thematic areas. Integrate sovereign and non-sovereign public sector operations and private sector development*)
- A4. Indicative Rolling Country Operations Business Plan

C. Indicative Rolling Country Operations Business Plan Format

**INDICATIVE ROLLING COUNTRY OPERATIONS BUSINESS PLAN
[COUNTRY NAME]**

(XXXX–XXXX)

Note: The main text should be about 3 pages (excluding an updated country partnership strategy [CPS] results framework).

I. Consistency of the Business Plan with the Current Country Partnership Strategy

Confirm that the proposed indicative rolling country operations business plan is consistent with the current CPS and priority sectors and/or themes.

II. Indicative Lending and Nonlending Program

An indicative annual financing plan or “envelope” by ADB over the next 3 years should show total expected financing for lending products, credit enhancement products, such as guarantees, if applicable, and nonlending products and services for priority sectors and themes. Indicate this for sovereign operations and, on a broad sector basis, for non-sovereign interventions.

For Asian Development Fund (ADF) and ADF blend borrowers, the country’s performance and proposed lending levels are defined according to the performance-based allocation exercise.

If ADF grant financing is proposed, provide a rationale for the use of grants to achieve national development objectives, including government priorities, as specified in the national poverty reduction strategy (NPRS) and/or poverty reduction strategy papers (PRSPs), and preferences, institutional capacity, and macroeconomic conditions. Describe anticipated uses and allocation of grant financing, including indicative estimates of the proportion of the program to be financed by grants.

For ordinary capital resource (OCR) borrowers, generally assess their needs and absorptive capacity, and propose lending levels.

III. Summary of Changes to Lending and Nonlending Programs

Summarize any changes to the indicative rolling business plan proposed in the appendix to the CPS (or the previous business plan) and the resource requirements. Discuss how the changes in lending and nonlending pipelines are reflected in priority sector and/or thematic road maps (provide a reference to Appendix 3).

IV. Indicative Internal Resource Requirements

Discuss the indicative internal staff resources (person-months or -years) estimated for timely delivery of the operations program under the proposed business plan.

V. Results-Based Monitoring

Discuss updates, if any, to the results-based framework of the current CPS as a result of changes in the assistance program.

Matrix: Updated Country Partnership Strategy Results Framework

APPENDIXES AND TABLES

Note: List appendixes in order of their citation in text.

A1. Indicative Assistance Pipeline

Table A1.1. Indicative Assistance Pipeline for Lending Products *(may include credit enhancement products as appropriate)*

Table A1.2. Indicative Assistance Pipeline for Nonlending Products and Services

A2. Preliminary Summary Information on Proposed Indicative Lending and Nonlending Products and Services for the First Year of the Business Plan

A3. Updated Country Sector and Thematic Strategies and Plans and/or Road Maps *(For priority sectors and/or thematic areas. Integrate sovereign and non-sovereign public sector operations and private sector development)*

A4. Assistance Program for Current Year *(provided for information purposes)*

Table A4.1. Assistance Pipeline for Lending Products (Current Year)

Table A4.2. Assistance Pipeline for Non-lending Products (Current Year)

INDICATIVE FORMAT OF CPS COMPLETION REPORT

	Major Achievement <i>(Comparing status at completion to status at CPS Design)</i>	Lessons/Recommendations
<p>Country Development Goals</p> <p><i>(focus on the strategic goals to which CPS was aligned)</i></p>	<p><i>What progress was made by the country toward the concerned country development goals? What were major factors affecting the progress? Which objectives were not achieved? Why?</i></p>	
<p>Expected CPS Outcomes</p> <p>Pillar 1 (or Outcome 1)</p> <p>Pillar 2 (or Outcome 2)</p> <p>Pillar 3 (or Outcome 3)</p> <p>.....</p>	<p><i>What progress was made toward each of CPS outcomes? What were major factors affecting the progress? What are the logical or plausible evidence of ADB's contribution to the achievement of CPS outcomes? Where did ADB fail and why?</i></p>	
<p>CPS Implementation</p> <p>Quality and Portfolio Management</p> <p>Results Management</p> <p>Partnership with Government</p> <p>Development Partners coordination</p>	<p><i>What was the performance of ADB in effectively implementing the CPS? What were major factors affecting the performance?</i></p> <p><i>Consider both lending and non-lending products and how they were combined to achieve results. The assessment should also cover operations approved before, but implementing during the CPS period</i></p>	

INDICATIVE FORMATS OF CPS RESULTS FRAMEWORK AND SECTOR ROAD MAP

A. Indicative Format of CPS Results Framework

Country Development Goals		CPS Outcomes		Key Areas of ADB's Intervention	Risks
Country-level Outcomes	Key Constraints	CPS Outcome(s)	Outcome indicators		
<p><i>“What are the strategic development goals of the country that the ADB’s interventions are expected to contribute to?”</i></p> <p>(Usually derived from country development plans)</p>	<p><i>“What are the key development challenges/issues that need to be addressed so as to achieve the concerned country-level outcomes?”</i></p>	<p><i>“What are the key development outcomes that ADB’s interventions directly influence and that contribute to the achievement of concerned higher order country level outcomes”</i></p>	<p><i>“How will we know whether we have achieved the intended CPS outcomes at the completion of CPS?”</i></p> <p>(Need to specify baseline and targets, as appropriate)</p>	<p><i>“What are ongoing and future key actions, processes, development policy changes, development interventions that ADB will support to influence CSP outcomes?”</i></p> <p>(Need to separate ongoing and future interventions)</p>	<p><i>“What are uncertainties that might occur during implementation and reduce the likelihood of results achievement and how ADB and the Government will manage them?”</i></p>

B. Indicative Format of Sector/Thematic Road Map

[SECTOR ROAD MAP/THEME NAME]

Note: Each sector road map will be about 5 pages.

I. Sector situation and Key issues in the sector

Present a brief analytical overview of recent trends in the sector development progress by illustrating key sector indicators and discuss major issues, constraints and challenges in the sector.

II. Government's sector policy and planning framework

Summarize and assess the Government's sector strategy and sectoral public investment plan and discuss the feasibility of implementing it

III. Government's Institutional arrangements and capacity in the sector

Discuss regulatory framework, role of public and private sector, the role and capacity of concerned agency (including for managing the results), the critical areas for developing capacity, commitment to institutional reform

IV. ADB sector experience

Draw successes and lessons in the sector from OED evaluation studies, CPRM findings, and project and TA completion reports

V. Role of other development partners in the sector

Who are the key development partners and what are their roles? How do development partners coordinate with government and among each other? What will be possible partnership with ADB in the sector?

VI. Intended sector outcomes and key outputs supported by ADB

Identify realistic development outcomes, and key outputs for the sector over the CPS period and SMART corresponding indicators

VII. Links to CPS outcomes and other sectors/thematic areas

How do the proposed sector results fit with and support the CPS OUTCOMES?, How can the linkage and synergy with the other sector/thematic areas be maximized?

VIII. Indicative areas for interventions (including PSOD)

Highlight the priority areas which are crucial to the achievement of sector outcomes, and discuss the appropriate assistance formula.

IX. Monitoring mechanism

Describe the arrangement for monitoring and evaluation of the sector roadmap

X. Sector Results Framework

Relevant CPS Outcomes		Sector-level Outputs		ADB assistance	Risk
CPS Outcomes relevant to the Sector	Key opportunities and constraints	Sub-sector Outcomes/Key Sector Outputs	Sector Milestone/ Tracking Indicators/Interim indicators		
<p><i>“What are the CPS outcomes that the ADB’s interventions in the sector are expected to contribute to?”</i></p> <p>(to be derived from CPS outcomes column of CPS results framework)</p>	<p><i>“What are the key development challenges/issues that need to be addressed so as to achieve the concerned CPS outcomes?”</i></p>	<p><i>“What are the key development outcomes or key outputs that ADB’s interventions in the sector directly influence or produce and that contribute to the achievement of concerned CSP outcomes”</i></p>	<p><i>“What are the key actions, processes, development policy changes, development interventions in the sector that help monitor the progress towards sub-sector outcomes or key outputs?”</i></p>	<p><i>“What are ongoing and future ADB assistance that are expected to influence sector outcomes or produce key outputs?”</i></p>	<p><i>“What are uncertainties that might occur during implementation and reduce the likelihood of results achievement and how ADB and the Government will manage them?”</i></p>

INDICATIVE FORMATS OF RESULTS PROFILES AT COUNTRY, SECTOR AND PROJECT LEVELS

Project Results Profile

Project title: _____

Planned Outcomes ¹	Monitoring Indicators/Targets	Progress	Assessment/ Recommendation
• •			
Planned Outputs ²	Monitoring Indicators/Targets	Progress	Assessment/ Recommendation
Investment • • Policy/Institutional reform •			

^{1,2} to be derived from design and monitoring framework or logical framework

Sector Results Profile

Sector title: _____

Planned Outcomes ¹	Monitoring Indicators/Targets	Progress	Assessment/ Recommendation
• •			
Planned Outputs ²	Monitoring Indicators/Targets	Progress	Assessment/ Recommendation
Investment • • Policy/Institutional reform •			

^{1,2} to be derived from sector road maps (sector results framework)

Country Results Profile

CPS Outcomes	Monitoring Indicators/Targets	Progress	Assessment/ Recommendation
(to be derived from CPS results framework)	(to be derived from CPS results framework)		

**AN INDICATIVE FORMAT OF SUMMARY INFORMATION ON PROPOSED INDICATIVE LENDING
AND NON-LENDING INTERVENTIONS**

(One short paragraph for each item)

Project Name	Description
	Goal Major Components Expected Outputs and Outcomes
	Goal Major Components Expected Outputs and Outcomes
	Goal Major Components Expected Outputs and Outcomes
	Goal Major Components Expected Outputs and Outcomes
	Goal Major Components Expected Outputs and Outcomes

SALIENT PARAGRAPHS OF RELEVANT PAPERS

A. Selected paragraphs of Further Enhancing Country Strategy and Program Business Processes (Paras 10, 14, 35-37, 38-42, 43, 44-45, and 47)

II. DEVELOPING COUNTRY STRATEGIES AND BUSINESS PLANS

10. In principle, the proposals to enhance CSP processes may apply to RCSPs. However, a certain flexibility in applying proposed approaches may be allowed, depending on the circumstances of different regional programs.

14. **Tailoring a Strategy to Country Development Needs.** In preparing a CPS, staff members should exercise professional judgment and clearly understand that what counts is the proposed strategy content rather than its format.¹³ The CPS should be a customized document that:

- (i) clearly reflects major country-specific development issues and constraints;
- (ii) is based on an analysis of the DMC's development priorities and poverty reduction programs, and is consistent with ADB's strategic priorities;
- (iii) assesses development partners' current country strategies, ADB's comparative advantage, and possible areas for joint activities and partnerships, including financial partnerships and program-based approaches;
- (iv) is grounded on a sound analytical basis justifying the strategy's sector and/or thematic focus areas;
- (v) specifies key approaches to remove constraints on country development, and explicitly states the strategy's objectives; and
- (vi) displays the strategy's results orientation.

b. Application to Small Pacific DMCs²⁷

35. The common rules on preparing the CPS, midterm review, and indicative rolling country operations business plans will apply to Pacific DMCs. However, specific approaches, as reflected below, are permissible, considering the unique needs and circumstances of these isolated, small island countries.

36. ADB may conduct joint analytical work with Pacific DMCs and development partners to identify a regional approach to development. Based on this analytical work and requests for support from DMCs, ADB will undertake relevant sector and thematic assessments to prepare a Pacific strategy. The strategy will include thematic studies and analytical work, such as poverty analysis, the private sector, regional cooperation, and gender, covering the Pacific region as a whole. The analytical work and subsequent assessments can be used as the basis for individual CPSs. This will be a more efficient and practical approach to preparing CPSs in the Pacific island countries. The Pacific strategy will be discussed at an informal Board seminar, and informal Board seminars for small Pacific DMCs' CPSs may be conducted if requested by the Board.

37. CPSs for these countries are expected to be briefer than CPSs of bigger countries. Therefore, for small Pacific DMCs, more than one CPS at once will be permitted for consideration at a management review meeting (MRM) or for discussion and endorsement by the Board. Since, in many

¹³ The latest result-based CSP for the Philippines (ADB.2005. *Philippines: Country Strategy and Program*. Manila) may serve as a good example of such an approach.

²⁷ These countries generally include small island Pacific countries, except for Papua New Guinea and Fiji.

cases, changes in operational programs of these countries are rare, indicative rolling country operations business plans will be updated as required.

c. Application to Middle-Income DMCs with Limited ADB Engagement

38. This category includes middle-income DMCs for which ADB currently does not have new operations (or has limited operations, focused basically on nonlending, knowledge transfer, and/or PSD interventions) although they have not yet graduated.²⁸ Examples of such countries are Thailand and Malaysia.

39. ADB has started to restore partnerships and engagement with some of these countries to respond to their development needs. In particular, progress and an understanding have been achieved with Thailand.²⁹

40. The common rules on CPS preparation should apply to these countries as well. In certain cases, establishing thematic rather than sectoral priorities in the CPS and associated business plans may be more practical.

41. For middle-income countries for which ADB does not have a current strategy and program, a CPS with a fairly general description of possible areas of ADB operations may be initially prepared if discussions with the country on specific lending (sovereign and/or non-sovereign)³⁰ and nonlending interventions and/or other initiatives (e.g., on capital market development, country's involvement in relevant regional cooperation and integration initiatives, PSD, financial partnerships) are not finalized yet. These may be detailed in a subsequent business plan.

42. CPS preparation for these countries is not expected to be a time- and resource-intensive in analytical work, since the governments' own diagnostics and development plans and required data are normally readily available.

d. Application to Developing Countries Joining ADB as New Members

43. The approach of initially preparing a CPS with a general description of possible areas for ADB operations will also apply to developing countries joining ADB.

4. ENSURING AN INTEGRATED BUSINESS PLATFORM APPROACH TO THE CPS

44. **Integration of Private Sector Development in CPSs.** In line with the recommendations of the Final Report of the PSD Task Force (footnote 5), the CPS will incorporate indicative information on expected PSD operations. In this sense, the CPS will serve as an integrated business platform for public sector operations and PSD initiatives that focus on improving the private sector environment, public-private partnerships, and other financial partnerships.

45. To ensure this, the following principles will be applied in the CPS:

²⁸ The CPS approach will not apply to ADB's graduate member countries. However, ADB would welcome other forms of partnership with these countries, particularly in providing support to other DMcs and regional cooperation and integration.

²⁹ ADB is jointly preparing a CPS with Thailand.

³⁰ Non-sovereign operations are those extended (as a loan and/or an equity investment and an ADB guarantee) to (i) private sector entities, with or without a sovereign (government) guarantee; and (ii) sub-sovereign entities, local governments, and state-owned enterprises with or without partial sovereign guarantee. The ongoing review of ADB's credit enhancement products is expected to further elaborate on credit enhancement product scope, coverage, and financing instruments, particularly with respect to guarantees.

- (i) ADB's assistance for PSD in a DMC will be clearly defined.
- (ii) Synergies between public and private sector operations should be ensured by incorporating PSD discussions in sector road maps. The private sector environment should be analyzed, including the investment climate, guarantee opportunities and risk factors, and how the public and private sectors work together.
- (iii) Private sector operations should be pursued within agreed sector road maps.³¹ The inclusion of private sector operations in the road maps will be on a broad sector basis (not project-specific) as individual projects will depend largely on market conditions and demand.³²
- (iv) Business plans cover sovereign and non-sovereign operations. With respect to non-sovereign operations, business plans will generally indicate a potential financing “envelope” by priority sector, separately for non-sovereign public and private sector operations.³³

47. **Mutual Reinforcement of CPSs and RCSPs.** Although CPSs and RCSPs may have different shapes and priorities, certain thematic and sector interventions (e.g., in the similar sectors such as infrastructure, trade and investment) proposed under a CPS may support or complement overall regional cooperation priorities as specified in the RCSP. Such mutual support will reinforce country poverty reduction and economic growth efforts and regional initiatives.

³¹ However, there should be an opportunity to undertake a private sector project if a substantial development impact is expected, even if it falls in a different sector or area that is not considered major in a CPS.

³² Business plans may not explicitly list specific private sector operations since they are difficult to program in advance. Private sector entities are normally reluctant to publicly reveal their plans for potential projects because they might lose their competitive edge and because the market environment could change.

³³ In certain cases, indicating specific non-sovereign public sector operations, rather than specifying them on a broad-sector basis, in CPS that is agreed with the DMC's government may not be appropriate either, since the country's business community might interpret indicating such specific operations as implicit potential government guarantee obligation. Such cases should be discussed with the DMC's government.

B. Selective paragraphs of Public Communications Policy: Disclosure and Exchange of Information (Paras 60-65).

Note: Public Communication Policy was prepared prior to approval of the paper on Further Enhancing Country Strategy and Program Business Processes. According to the latter, a country strategy and program has been renamed into a country partnership strategy and annual CSP updates have been replaced with a CPS mid-term review report and annual indicative rolling country operations business plans.

i. Strategy and Program Assessments

60. ADB conducts assessment studies in preparation for country strategy and program (CSP) and regional cooperation strategy and program (RCSP) documents. Such strategy and program assessments include poverty analyses, economic analyses, thematic analyses (gender, governance, environment, and private sector), and sector assessments. The assessments may be made available to in-country stakeholders in draft form if they are developed in consultation with nongovernment stakeholders. ADB shall make strategy and program assessments publicly available upon completion.

ii. Strategies and Programs

61. The CSP defines ADB's medium-term development strategy and operational program as agreed with the country. Concept papers for projects expected to receive ADB assistance are included in CSPs. A CSP update (CSPU) takes into account the continued relevance of the CSP, describes its implementation, and sets out the operational program for the next 3 years.

62. Likewise, the RCSP provides the rationale for proposed ADB assistance at the subregional level. The RCSP specifies how ADB assistance complements national objectives and strategies, and includes concept papers for proposed regional projects. An RCSP update (RCSPU) is prepared annually.

63. ADB shall maintain and make publicly available on a rolling basis a list of new strategies and programs scheduled for preparation over the course of the next year.

64. To facilitate required consultations with stakeholders¹⁴ and to allow them to contribute to the draft strategy and program in their country and/or region, ADB shall make draft strategies and programs available to in-country stakeholders for comment before consultations. They shall be made available (i) after the initiating paper is completed; and (ii) after the strategy and program is drafted but before its management review meeting.

65. ADB shall make strategies and programs, and the chair's summary of each Board discussion on strategies and programs, publicly available upon endorsement by its Board of Directors. If English is not used widely in the relevant country, ADB shall translate any new country strategy and program (or its update) into a widely understood language within 90 calendar days of its endorsement by the Board.

¹⁴ ADB.2001. *Business Processes for the Reorganized ADB*. Manila: Appendix 2:2-4 and Appendix 4:2.

About the Asian Development Bank

ADB aims to improve the welfare of the people in the Asia and Pacific region, particularly the nearly 1.9 billion who live on less than \$2 a day. Despite many success stories, the region remains home to two thirds of the world's poor. ADB is a multilateral development finance institution owned by 67 members, 48 from the region and 19 from other parts of the globe. ADB's vision is a region free of poverty. Its mission is to help its developing member countries reduce poverty and improve their quality of life.

ADB's main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance. ADB's annual lending volume is typically about \$6 billion, with technical assistance usually totaling about \$180 million a year.

ADB's headquarters is in Manila. It has 26 offices around the world and more than 2,000 employees from over 50 countries.